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Research Summaries

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Nonmonetary Assistance and Advice Between Baby-Boomer Respondents and People in Other Households

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Families and individuals interact with people in other households for many reasons, one of which is to provide or obtain help with day-to-day tasks. The 1987-88 National Survey of Families and Households (NSFH) was used to examine selected socioeconomic and demographic characteristics of baby-boomer respondents who, over a 1-month period, provided unpaid help to, or received it from, people in other households. Help with baby-sitting or child care, transportation, home or car repairs, other kinds of household tasks; and advice, encouragement, and moral or emotional support were reported. A majority of baby-boomer respondents were involved with interhousehold assistance (85 percent) and advice (80 percent). They were more likely to give and receive help (assistance, 63 percent; and advice, 62 percent) than to give help only, receive help only, or to neither give nor receive help. Those that boomers helped and were helped by were more likely to be nonrelatives than relatives. These findings are useful to family professionals who are concerned about this "sandwich" generation with multiple responsibilities to children and parents.

Families and individuals interact with people in other households for many reasons, one of which is to provide or obtain help with day-to-day tasks so that demands on resources are met. This help may be transferred (one-way transaction) or exchanged (two-way transaction), nonfinancial or financial, voluntary or involuntary, may occur between or among generations, and may be in the form of goods or services (*3,6*). These interactions are of particular importance to baby boomers because they are the middle or "sandwich" generation. They have responsibilities to their children and their parents; however, they may also receive assistance from their parents or adult children.

In a study of intergenerational assistance, researchers found that among elderly people with at least one living child, 23 percent gave household assistance to, and 38 percent received household assistance from, adult children residing in other housing units. However, the adult children were less likely to report receiving (13 percent) and providing (20 percent) household assistance (*4*). The degree of differences between the generations may reflect family size, whether exchanges were made with

only one child or all children, and the correlation between making an exchange and family size (*4*). In a study of three-generation Black families, the grandparent generation was more likely than the adult child and grandchild generations to receive companionship, goods and services, transportation, and help when ill. Those in the adult child generation were more likely to receive advice and help with problem solving, encouragement, and financial help (*11*).

The type of help provided or received is related to a family's passage through the life cycle, socioeconomic and demographic characteristics of recipients and donors, and events that may prompt the need for short- or long-term assistance. Some research indicates that advice is more likely to be given to young adults than to middle-age adults (*1*). As expected, younger generations are more likely than older generations to receive child-care related assistance (*11*). It appears that adults will assist their seriously mentally ill siblings when parents are not available to do so (*5*). A conclusion from one study indicates that support between generations may be episodic.

> "Thus, parents more often provide support to their adult children when they are young and getting started, when they have young children, or when they are ill. Children increase support to their parents when they are ill. The amount and type of support depends on the resource levels of each generation, and on competing demands for their support." (*3*, p. 18)

What kind of interhousehold assistance and advice is the baby-boomer generation—a large segment of the U.S. population—giving and receiving as it enters middle age? Because of decisions made earlier in the life cycle, perhaps baby boomers have demands on their resources that may not have been shared by their parents' generation at middle age. The baby-boom generation has dual-earner households and geographic mobility and has divorced more often. Also, their parents are living longer, so baby boomers are more likely than previous generations in middle age to have parents who may provide or need assistance. These types of life-cycle events influence the demands placed on boomers for nonmonetary resources to maintain their level of living. A more comprehensive picture of interhousehold transfers and exchanges is needed in order to determine how boomers are meeting and helping others to meet some demands of day-to-day living. The purpose of this study is to examine the extent to which baby-boomer respondents receive and provide interhousehold nonmonetary assistance (baby-sitting or child care, transportation, home or car repairs, and other household tasks) and advice.

Source of Data and Sample

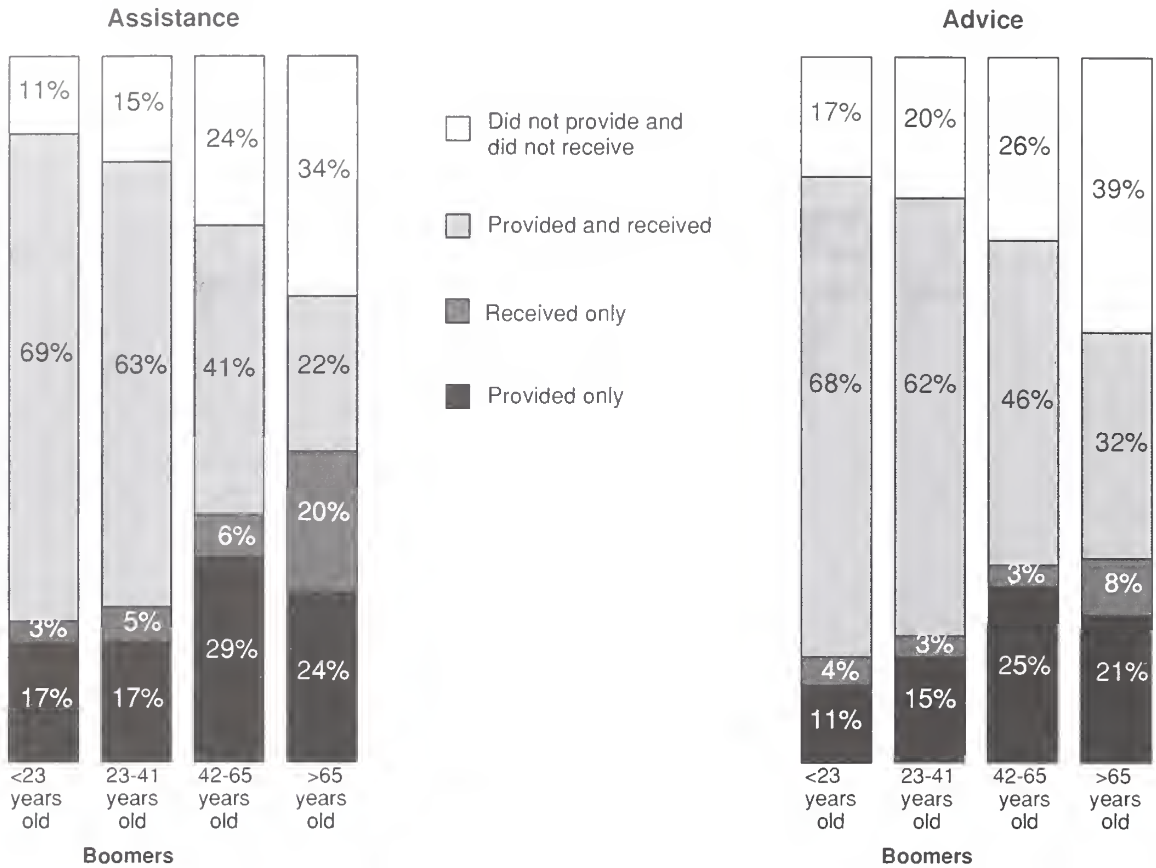
Data for this study are from the 1987-88 National Survey of Families and Households (NSFH). The NSFH collects data on a range of American family life issues, including couple and parent-child interactions, economic and psychological well-being, family attitudes, and adult family transitions (*10*). The NSFH is a national probability sample of 13,017 respondents (19 years old and older). Data were weighted.

In each household, one adult was randomly selected as the primary respondent. On a self-administered questionnaire, respondents indicated if they provided or received unpaid help and support to and from people living in other households during the past month.[1]

[1]The questionnaire item was: "Next, we are interested in the help and support that you receive from or give to other people who are NOT living with you in this household. We are talking here about help that is not paid for. During the past month have you GIVEN the following kinds of help TO: ...During the past month have you RECEIVED the following kinds of help FROM: ..."

...baby-boomer respondents participated in exchanges and transfers of assistance most often with nonrelatives...

Distribution of respondents: Nonmonetary assistance and advice provided and received between households over a 1-month period in 1987-88



The types of help were baby-sitting or child care; transportation; repairs to the home or car; help with other kinds of work around the house; and advice, encouragement, and moral or emotional support. For each category of assistance and advice, respondents were instructed to indicate people not living in their household to whom they gave help and from whom they received help. The response categories were no one; friends, neighbors, and coworkers; sons or daughters (19 years old and older); parents; brothers or sisters; and other relatives.

Interhousehold Nonmonetary Assistance and Advice Patterns by Age

Less than half (43 percent) of the respondents were baby boomers (23-41 years old in 1988). Eleven percent were less than 23 years old, 32 percent were 42-65 years old, and 14 percent were over 65 years old. As respondents' age increased, the likelihood that interhousehold nonmonetary assistance or advice occurred decreased (see figure). Whereas 89 percent of the youngest age group participated in transfers and exchanges of interhousehold assistance, 85 percent of boomers, 76 percent of the 42-65 age group, and 66 percent of the oldest age group participated.

Eighty-three percent of those less than 23 years old and 80 percent of the boomers transferred and exchanged advice, compared with 74 percent of the 42-65 age group and 61 percent of the oldest age group.

Nonmonetary Assistance and Advice Patterns by Baby-Boomer Respondents' Characteristics

When assistance and advice were combined, 77 percent of baby-boomer respondents provided and received assistance and advice; 10 percent provided only; 2 percent received only. Eleven percent did not participate. For the rest of this article, assistance and advice are reported separately.

A majority (63 percent) of baby-boomer respondents both provided and received assistance (table 1, p. 6). A similar majority (62 percent) of the baby boomers provided and received advice (table 2, p. 7).

Marital Status

Marital status had only a small effect on whether boomers exchanged and transferred assistance or advice. Married boomers were somewhat more likely than boomers in other marital categories to give and receive assistance (table 1) and to give advice (table 2).

Race/Ethnic Origin

Respondents of Hispanic origin were least likely, compared with other race or ethnic groups, to give and receive assistance or advice. Non-Hispanic Whites were most likely to give and receive assistance or advice.

Gender

Males were less involved in interhousehold assistance and advice than females. Sixteen percent of males did not provide or receive assistance and 25 percent did not provide or receive advice. However, among those participating, males were more likely than females to give assistance or advice without receiving it.

Education

The higher the educational level of baby-boomer respondents, the higher the percentage of those who provided and received assistance and advice. Sixty-six percent of the baby boomers with a college degree, compared with 53 percent of those with less than a high school education and 62 percent of those with a high school education, provided assistance to and received assistance from people in other households. Seventy-five percent of those with a college education exchanged advice with people in other households, compared with 40 percent of those with less than a high school education who did so. Baby-boomer respondents with less than a high school education were most likely to neither give nor receive assistance or advice.

Household Size

People who lived alone were active in transfers and exchanges. Only 16 percent did not participate in assistance and 13 percent did not participate in advice interactions. Among those participating, single-person households were more likely than larger households to give assistance without receiving it. Regarding advice, single-person households were more likely than larger households to both give and receive advice.

Household Income

Since low-income families have fewer monetary resources, it might be expected that they would be more likely than higher income families to receive or exchange nonmonetary resources, but this was not the case. Baby boomers with a low household income were less likely to participate in assistance and advice interactions than those with higher income.

Types of Nonmonetary Assistance and Advice Given or Received

Considering the various types of assistance together with advice, boomers were most likely to exchange and transfer advice (80 percent) (table 3, p. 8). After advice, transportation was likely to be exchanged and transferred, followed by baby-sitting or child care, other household tasks, and home or car repairs. With each type of assistance, boomers were more likely to provide or provide and receive help than receive only.

...boomers with lower incomes, less education, and who were non-White were not as likely as others to be involved with interhousehold exchanges.

Table 1. Nonmonetary assistance provided or received by baby-boomer respondents over a 1-month period in 1987-88

Characteristic	Provided only	Received only	Provided and received	Neither provided nor received
Total (unweighted)	1,056	412	4,048	947
		Percentage		
All baby-boomer respondents	17	5	63	15
Householder				
Marital status				
Married	17	6	64	13
Separated, widowed, divorced	15	6	63	16
Never married	17	6	59	18
Race				
Non-Hispanic Black	17	8	55	20
Non-Hispanic White	16	5	66	13
Hispanic[1] origin	18	9	46	27
Other	18	6	58	18
Gender				
Male	19	5	60	16
Female	14	7	65	14
Education				
Less than high school	17	8	53	22
High school	18	6	62	14
Some college	16	5	65	14
College degree	14	7	66	13
Household				
Number of people in household				
One	24	6	54	16
Two	21	5	55	19
Three	15	8	64	13
Four or more	14	5	67	14
Income[2]				
Less than $10,000	17	8	57	18
$10,000- $19,999	16	6	62	16
$20,000 - $29,999	19	6	62	13
$30,000 - $39,999	17	5	67	11
$40,000 - $49,999	15	5	70	10
$50,000+	17	5	65	13

[1]Hispanic may be of any race.
[2]Total household income, including income of respondent and spouse from interest, dividends, and other investments.

Table 2. Advice provided or received by baby-boomer respondents over a 1-month period in 1987-88

Characteristic	Provided only	Received only	Provided and received	Neither provided nor received
Total (unweighted)	961	234	4,004	1,264
		Percentage		
All baby-boomer respondents	15	3	62	20
Householder				
Marital status				
Married	17	3	61	19
Separated, widowed, divorced	13	5	62	20
Never married	11	4	63	22
Race				
Non-Hispanic Black	17	5	52	26
Non-Hispanic White	15	2	66	17
Hispanic[1] origin	17	7	37	39
Other	10	3	63	24
Gender				
Male	18	4	53	25
Female	12	3	70	15
Education				
Less than high school	16	6	40	38
High school	18	4	55	23
Some college	14	3	68	15
College degree	12	1	75	12
Household				
Number of people in household				
One	11	3	73	13
Two	15	2	64	19
Three	14	4	62	20
Four or more	17	3	58	22
Income[2]				
Less than $10,000	13	3	55	29
$10,000 - $19,999	12	4	60	24
$20,000 - $29,999	15	4	61	20
$30,000 - $39,999	19	3	63	15
$40,000 - $49,999	19	3	64	14
$50,000+	16	1	71	12

[1]Hispanic may be of any race.
[2]Total household income, including income of respondent and spouse from interest, dividends, and other investments.

People With Whom Nonmonetary Assistance and Advice Were Given or Received

Over a 1-month period, baby-boomer respondents participated in exchanges and transfers of assistance most often with nonrelatives (friends, neighbors, and coworkers), then parents, siblings, other relatives, and children 19 years old and older who lived independently (table 4). Baby boomers were more likely to provide than to receive assistance from each source. Boomers were more likely to provide advice to nonrelatives, then siblings, parents, other relatives, and children 19 years old and older who lived independently. They were more likely to provide than to receive advice from most sources except they were more likely to receive advice from parents than to advise them.

The source of assistance varies by the type of assistance as shown in table 5, but the general pattern of nonrelatives, then parents, siblings, other relatives, and children holds except for providing child care and household tasks. In every category except receiving child care from parents, boomers were more likely to provide assistance than receive it. However, findings from previous studies have shown that some respondents are more likely to overreport providing compared with receiving help (*4,12,13*). Thus, findings from the current study on exchanges and transfers of support by boomers may be somewhat biased in favor of providing help.

Table 3. Interhousehold support: Types of nonmonetary assistance and advice provided or received by baby-boomer respondents over a 1-month period in 1987-88

Type	Provided only	Received only	Provided and received	Neither provided nor received
	Percentage			
Baby-sitting or child care	19	11	26	44
Transportation	31	8	30	31
Home or car repairs	22	10	18	50
Other household tasks	25	9	21	45
Advice[1]	15	3	62	20

[1]Consists of advice, encouragement, and moral or emotional support.

Table 4. Interhousehold support: People with whom baby-boomer respondents provided or received nonmonetary assistance and advice over a 1-month period in 1987-88

Source	Assistance		Advice	
	Provided to	Received from	Provided to	Received from
	Percentage			
Nonrelatives	58	44	57	44
Parents	30	26	24	29
Siblings	27	19	31	21
Other relatives	17	13	13	10
Children[1]	8	0	8	0

[1]Nineteen years old and older who live independently.

Conclusion and Discussion

Results document that 89 percent of baby-boomer respondents are involved in nonmonetary exchanges or transfers of assistance or advice with people in other households. They have a network of linkages with people with whom they provide and receive unpaid nonmonetary assistance and advice. People with whom boomers transfer and exchange assistance for baby-sitting or child care, transportation, home or car repairs, other household tasks, and advice are more likely to be nonrelatives than parents, siblings, adult children, or other relatives. These findings are useful to those who study how families develop nonmonetary resources to enhance their well-being.

As has been indicated, "Family economists are concerned about the well-being of families that have not achieved or maintained economic self-sufficiency. Research on granting [transfers], which is a component of the network support system, will provide valuable information regarding household economic well-being by estimating the level of interhousehold

Table 5. Interhousehold support: People with whom baby-boomer respondents provided or received nonmonetary assistance over a 1-month period in 1987-88, by type of support

Source	Baby-sitting or child care		Transportation		Home or car repairs		Other household tasks	
	Provided to	Received from	Provided to	Received from	Provided to	Received from	Provided to	Received from
	Percentage							
Nonrelatives	29	20	45	27	25	17	22	15
Parents	2	18	14	11	14	8	23	8
Siblings	18	10	13	8	9	6	9	6
Other relatives	8	7	8	5	6	4	6	4
Children[1]	2	1	5	1	1	1	2	3

[1]Nineteen years old and older who live independently.

grants and the factors associated with such transfers ..." (*8*, p. 320). In this study, it appears that boomers with lower incomes, less education, and who were non-White were not as likely as others to be involved with interhousehold exchanges. For professionals working with limited-resource families, it is important that they recognize the limitations these families may face when seeking assistance from friends and family members who may also have similar socioeconomic and demographic characteristics. These professionals can assist by encouraging families to become more involved in interhousehold exchanges as a means of substituting or supplementing monetary income.

Results from this study and another study of loans between baby-boomer householders and people in other households (*7*) point to the necessity of differentiating types of help received and provided. A majority of the boomer respondents exchanged and transferred assistance (85 percent) and advice (80 percent). Only one-third of the baby-boomer householders exchanged and transferred loans (*7*).

Other findings from this study indicate free transportation and child care may be exchanged frequently. These are valuable resources. In 1990, transportation accounted for 19 percent of total expenditures for baby boomers (*2*). Child-care costs can also create major demands on a family's income (*9*). The percentage of income spent on child care is greatest for those with a family income less than $15,000 (23 percent), compared with those whose income is above $50,000 (6 percent). The National Association for the Education of Young Children identified relatives as the source of free or low-cost supplemental child care. Having information on other sources of supplemental care available through transfers and exchanges will enhance estimates on the demand and supply of child care.

Providing nonmonetary assistance and advice is not without costs. Helping others means that boomers are using their time (and perhaps other resources) to provide services. However, receiving nonmonetary assistance and advice from others enables baby boomers to allocate their money income in other ways—for other fixed or flexible expenditures or for savings and investments. With so many baby boomers involved in these private transfers and exchanges, the value of these activities to their level of living must not be overlooked.

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Rural Southern Elderly: Housing Characteristics

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Using 1987-88 data from the regional research project (RR-4) entitled "Quality of Well-Being of the Rural Southern Elderly: Food, Clothing, Shelter," this study examines the relationship between housing characteristics and selected socioeconomic and demographic characteristics of Southern elders who lived in rural counties. Variables measuring housing characteristics consisted of tenure, type of housing, household composition, yearly amount spent on maintenance and upkeep, concern for housing, degree of difficulty meeting housing costs, repair needs, condition of the kitchen, and location of the home in relation to neighbors and services. Elders were likely to own their homes, live in detached single-family units, live in multiperson households, and spend less than $200 on maintenance. Elders who believed they had housing problems (costs, repair needs, and condition of kitchen) were more likely to be in farm/nonfarm areas, Black, and with income less than $400 per month. Results can help professionals who must provide housing services to a diverse population of elderly citizens.

Between 1980 and 1992, the elderly resident population 65 years old and older increased by 26.4 percent while the total U.S. resident population increased by 12.6 percent. The West (40.6 percent) and the South (31.4 percent) had larger increases of people 65 years old and older than did the Midwest (18.9 percent) and Northeast (17.3 percent) (*2,3*). Among movers 65 years old and older, 19 percent each of those in the South and West, compared with 14 percent in the Northeast and 15 percent in the Midwest believed they moved to a home that was worse than their previous home (*13*).

Although some older Americans move, most prefer to age in place. Eighty-four percent of elders (55 years old and older) surveyed in 1989 did not want to ever move (*1*). Of people who moved between 1989 and 1990, only 4 percent were 65 years old and older, whereas 29 percent were 1-19 years old, 44 percent were 20-34 years old, 17 percent were 35-49 years old, and 6 percent were 50-64 years old (*5*). Among preretirees (40 years old and older) who resided in Idaho, Michigan, Oregon, and Utah, 53 percent said a decision to move from their present home to an apartment when their health declined would be very difficult to make. Fifteen percent indicated it would be very difficult for them to move from their present home to one that was more suited for retirement. Even though the decision to move would be difficult, most would not want to share their home with others. Eighty-one percent said the decision to share their home with someone else would be very difficult to make (*9*).

A majority... described their [housing] concerns as moderate or great.

Aging in place requires long-term planning. However, it has been estimated that 53 percent of older people have done little or no planning for their future housing needs (*1*). Those who had not made plans for housing needs during retirement were likely to be widowed, divorced, separated, or never married; be renters; and have many health limitations. Elders who wanted to age in place tended to be widowed and live in "naturally occurring retirement communities"[1] (*1*).

Elders' ability to age in place is influenced by their housing—its condition and costs associated with day-to-day operations, maintenance, upkeep, and adaptations. Housing expenditures for people 65 years old and older account for a major share of their total expenditures. In 1990, housing accounted for 32 percent ($5,875) of elderly homeowners' and 43 percent ($5,112) of elderly renters' total expenditures. These percentages were higher for widows living alone: 41 percent ($4,955) for homeowners and 47 percent ($4,892) for apartment renters (*11*). Other studies found that 16 percent of older Americans (55 years old and older) who moved said they could not afford to stay in their home (*1*), and 12 percent of elderly movers (65 years old and older) did so in order to lower their rent or maintenance costs (*13*).

In 1991, 8 percent of all elderly householders resided in units with physical problems. These older people lived in homes that had plumbing problems, followed by problems with heating, upkeep, and electricity. Of those whose housing problems were described as severe, 41 percent lived in the South and 35 percent lived in rural areas. Of those whose housing problems were characterized as moderate, 73 percent lived in the South and 37 percent lived in rural areas. Their homes tended to have heating problems, followed by problems with upkeep, the kitchen, and plumbing (*13*).

[1]Neighborhoods or buildings where the majority of the residents are age 60 or older.

Elders' ability to age in place may be influenced by their perceptions. Previous studies indicate that perceptions are important in determining the adequacy of resources, the likelihood that families will change their situation (*4*), and satisfaction with financial status (*12*). Other findings indicate that older people tend to have more positive perceptions of well-being than do younger people (*8*). Also, among elders whose housing problems have been depicted as severe, 39 percent believe their current home is the best place for them to live as do 33 percent of those with moderate housing problems (*13*). Most elders (82 percent) believe their home meets their needs (*1*). Another study found that elders who are most concerned about housing are likely to believe their housing situation is worse than that of others they know (*6*).

Wheelock, Bekele, and Cheatham (*14*) found that housing, food, electricity or gas, and medical costs were major cost-of-living concerns among the rural Southern elderly. Among those age 55 and older with health problems, payments were believed to be too high for utilities (53 percent), property taxes (52 percent), homeowners' or renters' insurance (41 percent), mortgage or rent payments (36 percent), and upkeep and maintenance (28 percent) (*1*).

At a time when the home becomes more and more the center for their day-to-day activities, some elderly people may not have the resources necessary to modify their current housing situation to better meet their changing needs. This study examines the relationship between housing characteristics and selected

socioeconomic and demographic characteristics of Southern elders who live in rural counties. Housing characteristics include tenure, type of housing, household composition, the yearly amount spent on maintenance and upkeep, degree of concern for housing, degree of difficulty meeting housing costs, repair needs, condition of the kitchen, and elders' belief that the location of their home is an issue. Socioeconomic and demographic characteristics are the respondent's race and monthly income. Another characteristic is locality. In this study, rural counties are those with no more than a 30-percent urban population. Some elders resided in rural farm or rural nonfarm areas and are reported as residents of farm/nonfarm areas. The other elders lived—within a rural county—in towns with a population of 50,000 or fewer people and are reported as residents of towns.

Data

The RR-4 regional research project entitled "Quality of Well-Being of the Rural Southern Elderly: Food, Clothing, Shelter" was supported by the Council of Home Economics Administrators, Association of Research Directors, and the U.S. Department of Agriculture's Cooperative State Research Service (CSRS) (*10*). Cooperating States were Alabama, Arkansas, Georgia, Kentucky, Maryland, Mississippi, Missouri, South Carolina, Tennessee, Texas, and Virginia. The sample for the project consisted of 3,284 people 65 years old and older who were noninstitutional and ambulatory. The purpose of the overall project was to study actual and perceived clothing, nutrition, and housing status of the elderly as influenced by social, economical, psychological, and physical factors.

To obtain a representative sample of elderly people living in Southern rural counties, that is, those with no more than 30-percent urban population, the 1980 U.S. Census population tapes were used to determine the total population and the elderly population by county. Systematic random sampling procedures based on the proportion of elderly population in each county were used to choose six rural counties in each State (three counties in South Carolina) (*7*) from a list of rural counties. Each State had 60 sampling units, each containing five elderly households. Using a list of the cumulative number of elderly people in each enumeration district, 60 sampling units in the six counties were allocated to enumeration districts using sampling intervals of one-sixtieth of the total elderly population in each of the sample counties.

Face-to-face interviews were used to collect data from June 1987 through November 1988. In households with more than one person 65 years old and older, respondents were chosen based on the number of people age 65 or older residing in the household, the age of each elder, and the number of elderly men residing in the housing unit. (For example, in a household with three elders, one of whom was male, the youngest elderly female was chosen.)

Characteristics of Elders

A majority of rural Southern elders lived in a farm/nonfarm area (60 percent); the others lived in towns in rural counties. Most were non-Black (82 percent), and a majority had a monthly income less than $700[2] (80 percent).

Housing Characteristics

Housing Tenure

Most rural Southern elderly owned their home (83 percent) (table 1, p. 14). Those in a farm/nonfarm area (88 percent) were more likely than those in a town to own their home (table 2, p. 15). As expected, elders with an income of $700 or more per month were most likely to own (92 percent), compared with elders with lower incomes. Figure 1 shows that compared with other older people, those with the lowest income who lived in a town were least likely to own their home (66 percent), whereas elders with the highest income who lived in a farm/nonfarm area were most likely to be homeowners (95 percent).

[2]This is the respondents' income, not household income.

Figure 1. Rural Southern elders' housing tenure, by locality and respondents' monthly income, 1987-88

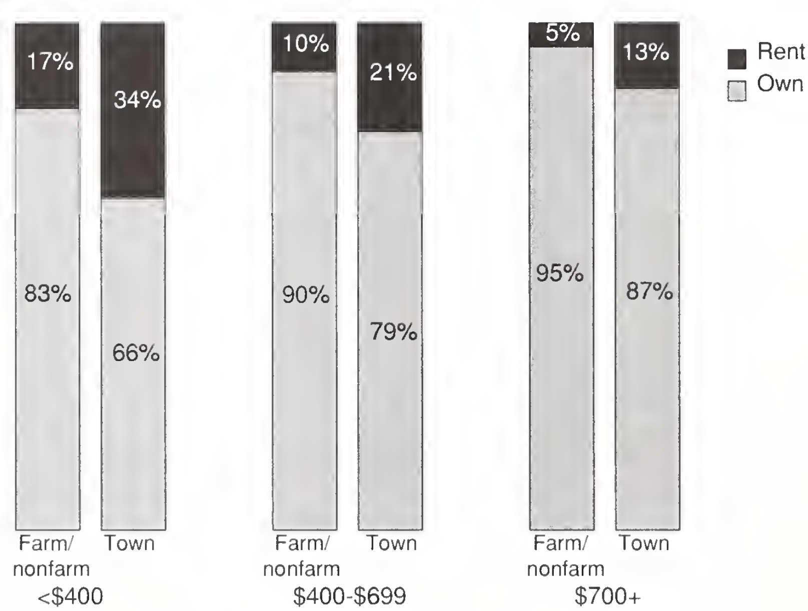


Table 1. Housing characteristics of rural Southern elders, 1987-88

Variable	n[1] (unweighted)	Percent (weighted)
Housing tenure		
Owner	2,499	83
Renter	481	17
Housing type		
Detached single family	2,598	86
Mobile home	189	7
Apartment and other	178	7
Household composition		
Alone	1,339	47
With others	1,615	53
Yearly amount spent on maintenance and upkeep		
<$200	1,604	55
$200 - $400	521	18
$401+	765	27
Degree of concern for housing		
Minor	1,005	37
Moderate	875	30
Great	984	33
Degree of difficulty meeting housing costs		
None	1,717	60
Some	970	31
Great	285	9
Repair needs		
None	713	24
Few	1,265	43
Many	988	33
Condition of kitchen		
Poor to fair	795	28
Good	1,695	59
Excellent	429	13
Location of home as an issue		
No	2,123	73
Slightly serious	397	13
Moderate to very serious	440	14

[1]The total n differs for each variable because of missing data.

Housing Type

Most rural Southern elderly lived in detached, single-family units (86 percent). The others were as likely to live in mobile homes as in apartments. Elders in a farm/nonfarm area were more likely than elders in a town to live in mobile homes and less likely to live in apartments. Blacks (90 percent) were more likely than non-Blacks (86 percent) to live in detached, single-family units.

Household Composition

A majority of the elderly lived with others[3] (53 percent). Those most likely to live with others were farm/nonfarm residents, Black, and had a monthly income less than $400. Figure 2, p. 16, shows that among those with the lowest monthly income, 62 percent of Black elders and 55 percent of non-Black elders lived with others. A much lower percentage (31 percent) of Blacks with income of $700 or more lived with others. Non-Blacks with monthly income of $700 or more were as likely to live with others as those with income less than $400.

Amount Spent on Household Maintenance and Upkeep

A majority of rural Southern elderly (55 percent) spent less than $200 per year on household maintenance and upkeep. Those elderly more likely to spend less than $200 per year were Black (65 percent) and with income below $400 (65 percent). Blacks were less likely than non-Blacks to report spending over $400.

Housing Concern

Rural Southern elders were asked if housing was a concern for them at the present time. A majority (63 percent) described their concerns as moderate or great. Locality had little effect on this concern. Those more likely to characterize their concern as moderate

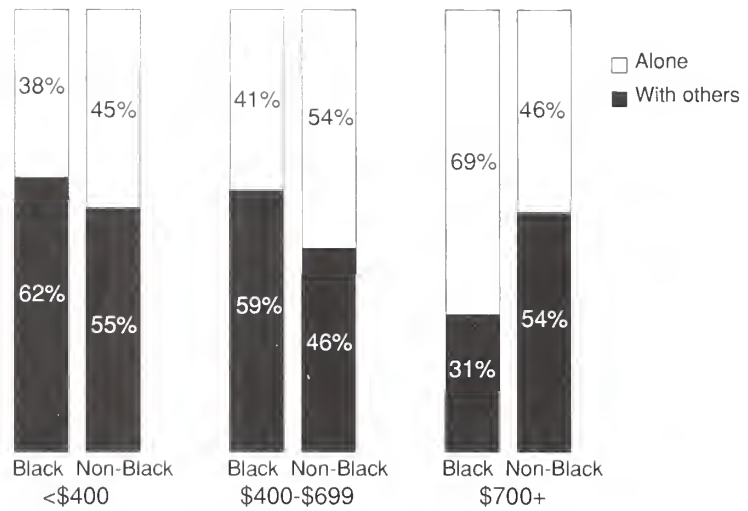
[3]Living with one's spouse is included.

Table 2. Housing characteristics of rural Southern elders by their socioeconomic and demographic characteristics, 1987-88

Variable	Locality		Race		Monthly income[1]		
	Farm/ nonfarm	Town	Black	Non-Black	<$400	$400 - $699	$700+
Housing tenure							
Owner	88	75	80	83	76	86	92
Renter	12	25	20	17	24	14	8
Housing type							
Detached, single family	89	82	90	86	83	89	91
Mobile home	10	3	6	7	8	6	5
Apartment and other	1	15	4	7	9	5	4
Household composition							
Alone	40	56	40	48	43	52	47
With others	60	44	60	52	57	48	53
Yearly amount spent on maintenance and upkeep							
<$200	56	54	65	53	65	49	43
$200 - $400	18	19	18	18	17	20	20
$401+	26	27	17	29	18	31	37
Degree of concern for housing							
Minor	37	36	26	39	34	37	42
Moderate	31	30	38	29	35	26	25
Great	32	34	36	32	31	37	33
Degree of difficulty meeting housing costs							
None	59	60	42	64	51	59	80
Some	31	31	43	28	37	32	17
Great	10	9	15	8	12	9	3
Repair needs							
None	20	29	19	25	23	22	26
Few	44	41	39	44	40	43	48
Many	36	30	42	31	37	35	26
Condition of kitchen							
Poor to fair	30	23	38	25	33	28	13
Good	56	62	55	59	59	59	60
Excellent	14	15	7	16	8	13	27
Location of home as an issue							
No	68	80	64	75	73	71	76
Slightly serious	15	11	18	12	13	15	10
Moderate to very serious	17	9	18	13	14	14	14

[1]Respondent's income, not household income.

Figure 2. Rural Southern elders' living arrangement, by race and respondents' monthly income, 1987-88



Those more likely to have many home repair needs included Blacks and those with a monthly income of $400 or less.

or great were Black and those with a monthly income under $400. Blacks who lived with others were more likely to have moderate or great concerns for housing than those who lived alone; non-Blacks who lived alone were more likely to have such concerns than those who lived with others (see fig. 3).

Difficulty Meeting Housing Costs

Three-fifths (60 percent) of rural Southern elders believed they had no difficulty meeting housing costs. Blacks were more likely to believe they have at least some difficulty meeting housing costs. Nine percent of elderly respondents reported they had great difficulty meeting housing costs. Elders more likely to have great difficulty were Black and had income below $400 per month.

Repair Needs

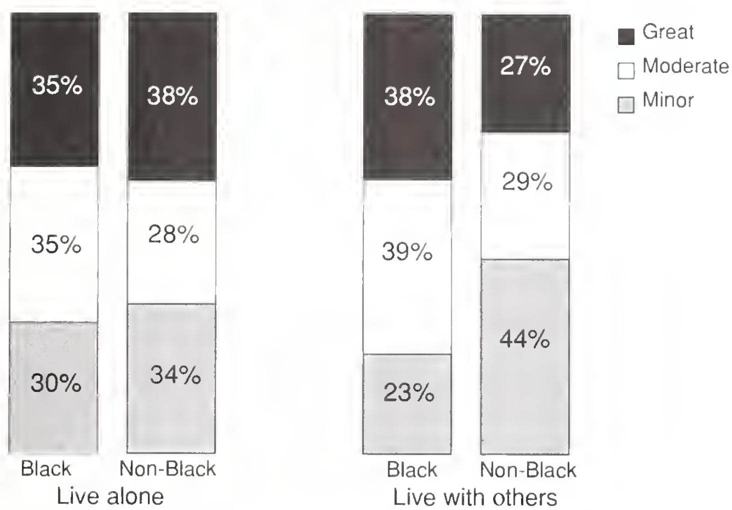
Most rural Southern elders (76 percent) believed they needed repairs made on their home. Those more likely to have **many** home repair needs included Blacks and those with a monthly income of $400 or less. Elders with **no** home repair needs were likely to live in a town and have a monthly income of $700 or more.

Condition of Kitchen

Elders were asked the condition of the rooms in their home. For this analysis, the condition of the kitchen was chosen for two reasons. First, 99.8 percent of those interviewed indicated they had access to this room. Second, the food-related activities of daily living (preparing, cooking, and storing foods) performed in the kitchen may be especially intensive and, more than likely, are performed at least once a day. Hence, the condition of this room may have direct bearing on how proficiently elders believe they can perform necessary tasks that will enable them to age in place.

Only 28 percent of the rural Southern elderly considered their kitchen to be in poor to fair condition. Those more likely to say their kitchen was in poor to fair condition included those located in farm/nonfarm areas, Blacks, and with monthly income below $400.

Figure 3. Rural Southern elders' concern for housing, by living arrangement, 1987-88



This study focused on the housing status of the rural Southern elderly as they experience it. The housing service professional must consider not only objective assessments of the housing status of the rural Southern elderly but also elders' subjective evaluation of their living environment. Elders' perceptions of their status may affect whether they seek assistance, the type of assistance sought, and whether the help offered is accepted. Additional study is needed to determine the degree of similarity between rural Southern elders' perceptions of their housing status and their actual housing status.

Home's Location as an Issue

A minority (27 percent) of the rural Southern elderly believed location (in relation to neighbors and services) was an issue. Those more likely to consider location to be an issue lived in farm/nonfarm areas and were Black.

Conclusion

This study focused on rural Southern elders' housing characteristics including the yearly amount spent on maintenance and upkeep, degree of concern for housing, difficulty meeting costs, extensiveness of repair needs, the condition of their kitchen, and the degree to which the location of their home is an issue. Results indicate that rural Southern elders' housing characteristics are related to where they live in rural counties and also to their race and income. Compared with town residents, farm/nonfarm residents were more likely to believe the condition of their kitchen was poor to fair and say they were concerned about their home's location. A higher percentage of Blacks than non-Blacks spent less than $200 per year on maintenance, believed they had housing concerns, and experienced difficulty meeting housing costs. They believed the condition of their kitchen was poor to fair and were concerned about their home's location. Also, rural Southern elders in the lowest income category (<$400 per month) spent the least on home maintenance, had difficulty meeting housing costs, and believed the condition of their kitchen was poor to fair.

Helping rural Southern elders who wish to age in place may mean providing services to those whose socioeconomic and demographic characteristics indicate they may be vulnerable. These elders may need help with home repairs and costs associated with maintaining an aging home. Also, public transportation or alternative means of providing services (grocery and medical deliveries) may help alleviate some concerns elders have about the location of their home.

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Trends in the Economic Status of Retired People

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Increases in lifespan, coupled with the trend toward retiring early, have expanded the portion of life spent in retirement. Elderly households (those with a householder age 65 or older) had a median income of $24,805 in 1991 derived from Social Security; dividends, interest, and rent; pensions and annuities; and earnings. Social Security provided 30 percent of total income for the elderly in multiperson families and 44 percent for the elderly living alone or with nonrelatives. Forty percent of elderly people living alone and 56 percent of elderly people living with others received pension benefits in 1991, but these figures are expected to increase because of the large numbers of women entering the job market. The majority of the elderly own their own home without a mortgage. Home ownership can be a major asset, if the house can be sold at a profit or used to provide income through a home equity conversion plan. Policymakers, financial planners, and educators need to consider the expanded retirement period, whether planning for individuals or for national policy.

Americans are living longer and retiring younger, thus the portion of life spent in retirement is increasing. Over the past 20 years, life expectancy at age 65 increased 2 full years for both males and females (*15*). During the 1980's, the population under age 65 grew by 9 percent, whereas there was a 16-percent increase in the population age 65 to 74 and a 31-percent increase in the number of people age 75 and older (*9*). With longer lifespans, retirees need sources of income that will enable them to keep pace with the cost of living.

The economic consequences of an aging population are of concern to our society and are addressed in this article. For example, retirement often causes a great reduction in income. Although Social Security was never intended to provide adequate retirement income, many retired people have no pensions and no savings. Consequently, they must rely on Social Security as their primary or even sole source of income, continue working, or be supported by family. Other sources of retirement income, government and household expenditures for retirement, and the trend toward early retirement are presented.

Sources of Retirement Income

In 1991, households with a householder age 65 and over had a median income of $24,805 (*16*). The main sources of their retirement income were: Social Security; dividends, interest, and rent; employment-related pensions, alimony, and annuities; and earnings (*17*) (fig. 1, p. 19).

There have been changes in the distribution of income sources of the elderly over time. Between 1980 and 1991, for both elderly individuals and elderly

multiperson families with a householder age 65 or older, the proportion of income derived from Social Security decreased by 2 to 3 percent, and the proportion derived from earnings decreased by 1 to 3 percent. The biggest increase was in the proportion derived from employment-related pensions and annuities, up 7 percent for individuals and 4 percent for multiperson families during this period (*17*).

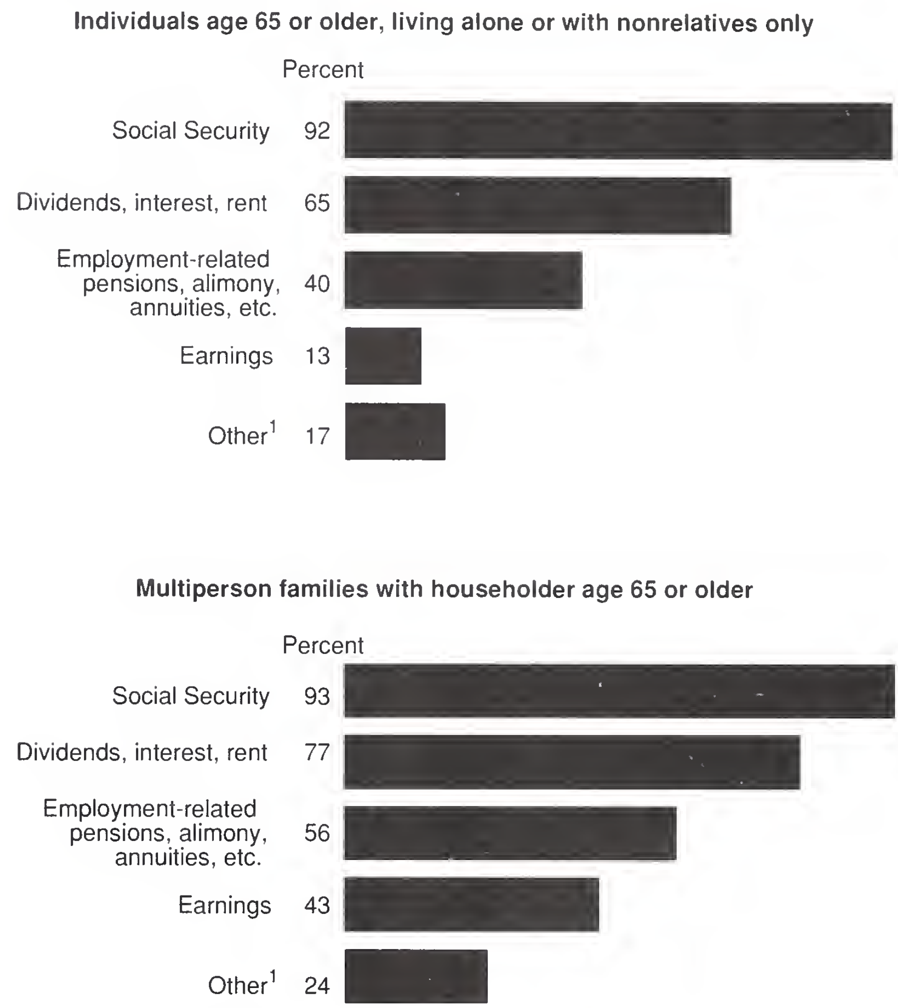
The American Association of Retired Persons suggests that postretirement income should equal 65 to 75 percent of preretirement income in order to maintain a similar lifestyle. This rule of thumb will vary according to the amount of preretirement income, age, marital status, and intended lifestyle (*5*). For example, workers at lower income levels might need to replace a higher percentage of preretirement income to cover basic needs than would those at higher income levels.

Social Security

The main source of retirement income for the elderly is Social Security, which covers nearly all American workers in the private and public sectors (*20*). Social Security provided 30 percent of total income for elderly multiperson families and 44 percent for elderly individuals in 1991 (*17*) (fig. 2). The maximum monthly retired-worker benefit payable to an individual who retired at age 65 was $1,128.80 in 1993 (*17*).

Between 1980 and 1991, the average monthly Old Age, Survivors, and Disability Insurance (OASDI) benefit rose from $341.40 to $629.30—an increase of 84 percent. During this period, the Consumer Price Index (CPI) rose 65 percent. The average OASDI benefit also increased faster than inflation during the 1970's (*15,17*).

Figure 1. Percentage of elderly families receiving income of specified type, 1991

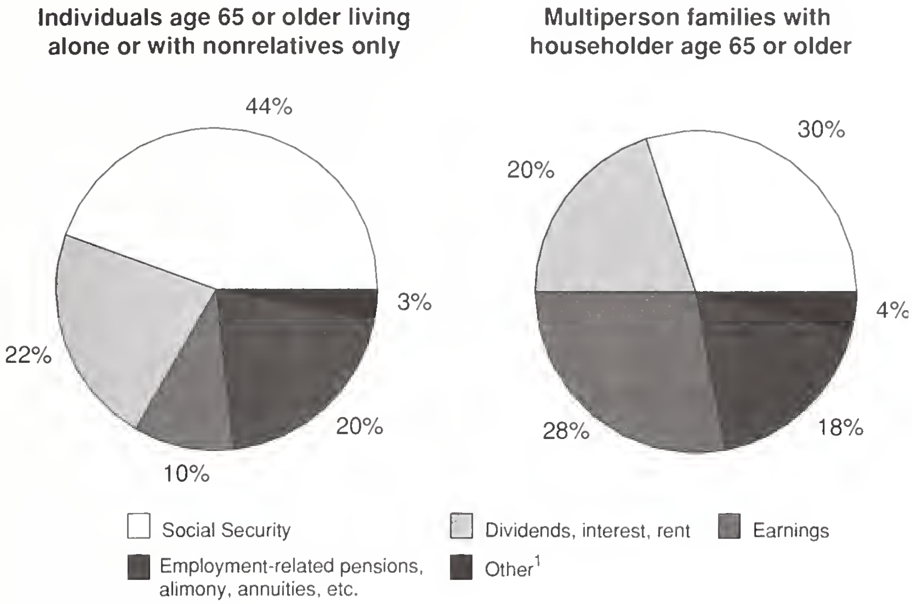


[1]Includes Supplemental Security Income, public assistance, and other programs.

Source: U.S. Department of Health and Human Services, Social Security Administration, 1993, Annual Statistical Supplement, 1993.

Those people who retire and choose to begin receiving Social Security benefits before age 65 (62 is the minimum age) receive a reduced monthly benefit (table 1, p. 23). There is a reduction of five-ninths of 1 percent in benefits for each month a person receives benefits before age 65. For example, a person retiring at age 62 would receive monthly benefits reduced by 20 percent (5/9 x 36 months). Any future cost-of-living adjustments would be based on the reduced benefit (*5*).

Figure 2. Percent distribution of income by type for elderly families, 1991



[1]Includes Supplemental Security Income, public assistance, and other programs.

Source: U.S. Department of Health and Human Services, Social Security Administration, 1993, Annual Statistical Supplement, 1993.

...68 percent of current, full-time employees will receive retirement benefits beyond Social Security from their employer...

Dividends, Interest, and Rent

In 1991, 65 percent of elderly individuals living alone or with nonrelatives and 77 percent of elderly multiperson families received income from dividends, interest, and rent (*17*). Examples of this income source include U.S. Treasury and agency securities, corporate and municipal bonds, stocks, mutual funds, certificates of deposit, real estate holdings, and commodities. This source provided between 20 and 22 percent of total income for the elderly in 1991 (*17*).

Pension Plans

Not everyone receives retirement benefits from their employer. Between 1980 and 1991, the proportion of the elderly who received income from employment-related pensions, alimony, and annuities rose from only 27 percent to 40 percent for individuals living alone or with nonrelatives and from 45 percent to 56 percent for those living in multiperson families (*17*).

The proportion of retirees receiving pension benefits should continue to rise over the next 20 to 30 years because of past growth in coverage and vesting—the guaranteed right of a pension plan participant to future benefits (*13*). Surveys conducted in 1989-90 show that 68 percent of current, full-time employees will receive retirement benefits beyond Social Security from their employer—62 percent of private sector employees and 96 percent of State and local government employees (*8*). By 2018, the percentage of elderly households receiving pension benefits is projected to reach 88 percent. This growth will reflect the increasing coverage of women by pension plans (*20*).

Legislation Related to Pensions

Employee Retirement Income Security Act of 1974 (ERISA)

Establishes individual rights under pension plans, investment rules for plan officials, funding requirements, and the Federal pension insurance program. Rules on individual rights went into effect in 1976. Other rules became effective in 1974 and 1975.

Multiemployer Pension Plan Amendments Act of 1980 (MPPAA)

Establishes financial obligations for companies that withdraw from multi-employer pension plans and provides Government insurance protection for financially troubled plans. Applies to companies that withdraw from multi-employer plans after September 25, 1980.

Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

Includes provisions requiring "top-heavy" pension plans to provide at least minimum benefits for secretaries, nurses, paralegals, and others working in small offices. Applies to benefits earned by employees working under pension plans in 1984 and after.

Retirement Equity Act of 1984 (REA)

Increases pension protection for widowed and divorced spouses, lowers minimum ages for vesting and participation, and liberalizes break-in-service rules. Generally helps spouses of workers employed under pension plans as of August 23, 1984, or later; applies to divorce court orders issued in 1985 or later.

Single Employer Pension Plan Amendments Act of 1986 (SEPPAA)

Strengthens the Federal insurance program for single-employer pension plans that terminated in 1986 or after.

Tax Reform Act of 1986 (TRA)

Includes provisions to shorten pension vesting, increase coverage, and restrict integration of pensions with Social Security. Applies to workers on the job in 1989 and after.

Omnibus Budget Reconciliation Act of 1986 (OBRA)

Includes pension provisions requiring plans to give benefits to employees who work past age 65. Prevents plans from setting a maximum age limit that excludes older employees from pension plan membership. Applies to workers on the job in 1988 and after (*6*).

Older Worker Benefit Protection Act of 1990 (OWBPA)

Amends the 1967 Age Discrimination Employment Act to clarify protection guaranteed to older individuals in regard to employee benefit plans (*14*).

Among private sector employees, white-collar workers were more likely to receive pension benefits than were blue-collar workers (66 percent versus 58 percent) (*8*). Also, employer pensions are more prevalent in goods-producing industries than in service-producing industries. Unionization is an additional factor, with 90 percent of union workers participating (*20*). In addition, the likelihood of receiving pension benefits increases with income (*13*).

There are two main types of pension plans. The defined benefit pension, which covered 50 percent of full-time employees in 1989-90, typically pays a monthly benefit at retirement based on the employee's length of service and earnings. In most cases, benefits are wholly financed and determined by the employer (*8,13*). The other type, which covered 34 percent of full-time employees in 1989-90, is the defined contribution plan. This plan specifies the contribution a worker and an employer must make to the plan, and benefits are based on the size of the individual's account (*8,13*). The number of active workers covered by defined contribution plans is increasing, whereas the number with a defined benefit plan has remained fairly stable (*13*).

Companies are not required to offer a pension plan. In addition, pension plans do not have to include all workers. Pension plans that stipulate who can legally be excluded from a plan are complicated. As long as they do not unfairly favor higher paid employees, plans can be written to exclude certain jobs and/or certain individuals (*2*).

Before 1976, pension plans could require an employee to work a lifetime for one company before being eligible for pension benefits. From 1976 until 1989, the usual requirement was 10 years of service. Most current plans require 5 years of work before an employee becomes fully vested and thus eligible for benefits (*6*).

Table 1. Average monthly OASDI[1] benefit with and without reduction for early retirement,[2] by sex, selected years, 1970-92

Year	All	Average monthly benefit: Without reduction for early retirement	With reduction for early retirement
		Total	
1970	$118.10	$130.20	$103.60
1980	341.40	391.80	310.70
1985	478.60	581.20	424.80
1990	602.60	742.80	537.90
1991	629.30	776.50	562.10
1992	652.60	805.40	583.60
		Men	
1970	130.50	139.10	115.30
1980	380.20	419.60	349.50
1985	538.40	627.50	480.50
1990	679.30	803.60	611.20
1991	709.30	840.50	638.90
1992	735.50	872.50	663.30
		Women	
1970	101.20	111.70	93.80
1980	296.80	346.50	274.60
1985	412.10	511.00	372.00
1990	518.60	656.80	466.40
1991	541.60	687.00	486.80
1992	561.80	712.90	504.70

[1]Old Age, Survivors, and Disability Insurance.
[2]After age 62 and before age 65.

Source: U.S. Department of Health and Human Services, Social Security Administration, 1993, Annual Statistical Supplement, 1993.

In 1990, only 12 percent of women age 65 and older, compared with 33 percent of men, received a private pension (including survivors' benefits).

Women over the age of 65 are much less likely to have worked outside the home than are younger women; therefore, they are less likely to have access to pension and Social Security income in their own names. In 1990, only 12 percent of women age 65 and older, compared with 33 percent of men, received a private pension (including survivors' benefits) (*2*). This is likely to change, however, because of the large increase in the number of women who have entered the labor force over the last two decades. In the future, it is more likely that women over age 65 will have earned their own pension and Social Security benefits (*9*).

Earnings

The percentage of employed men age 65 and over has declined over the last several decades. In 1970, 26 percent of men in this age group were in the labor force. This figure dropped to 18 percent by 1980 and to 16 percent by 1990 (*15*). Nevertheless, there were 3.4 million

employed people age 65 and over by the end of 1992 (*18*) (table 2). These workers were more likely to be male and more likely to be age 65 to 69 (*18*). In 1991, earnings provided 10 percent of total income for individuals age 65 or over living alone or with nonrelatives and 28 percent for multiperson families with a householder age 65 or over (*17*).

A person who continues to work after starting to receive Social Security retirement benefits will lose some or all benefits if income from earnings exceeds a certain annual exempt amount. In 1993, a worker age 62 to 64 could earn up to $7,680 annually without incurring a reduction in Social Security benefits; any amount earned over that figure results in a $1 penalty for every $2 earned. Workers age 65 to 69 could earn up to $10,560 annually before benefits are reduced $1 for every $3 earned. For people age 70 or over, there is currently no earnings limit (*17*).

Table 2. Employed civilians by age, sex, and class of worker, December 1992

Source of employment	65 years and over		
	Total	Men	Women
	(In thousands)		
Total	3,421	1,976	1,446
Nonagricultural industries			
Wage and salary workers			
Total	2,559	1,357	1,202
Private household workers	92	6	86
Government	411	195	217
Other (private sector)	2,056	1,156	900
Self-employed workers	593	390	203
Unpaid family workers	7	4	4
Agriculture			
Wage and salary workers	49	38	11
Self-employed workers	200	182	18
Unpaid family workers	13	5	8

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1993, Employment and Earnings.

Home Ownership

The majority of the elderly own their own home—82 percent of those age 65 to 74 and 72 percent of those age 75 years and over were homeowners in 1990. Of those who were homeowners, most owned their home free and clear (81 percent). This high proportion of the elderly who have paid off their mortgages reflects the low interest rates and home prices of the 1960's and 1970's (*9*). Among the elderly, men were more likely than women to own their own home, and people living with their spouses were more likely to own than were people who lived alone (*1*).

Housing can be a great asset for those older homeowners who can sell their homes at a profit or use one of the home equity conversion (HEC) options available to provide income. HEC plans are relatively new in the United States, and some are not yet available nationwide.

Costs can include application fees, closing costs, interest charges, sales commissions, and loss of future appreciation (*4*). The most common methods of HEC are reverse mortgages, sale/leaseback or life tenancy, homeowner equity accounts, and deferred payment loans (*3*).

A reverse mortgage allows a homeowner to convert some home equity into spendable cash while retaining ownership of the home. The money is paid out to a homeowner in monthly installments determined by the amount of home equity borrowed against, the interest rate, and the length of the loan. In most cases, no repayment is due until the homeowner dies, sells the home, or permanently moves (*4*).

In a sale/leaseback or life tenancy arrangement, a homeowner sells the home to an investor, who then leases it back to the homeowner. The homeowner retains the right to live in the house for life as a renter. The investor pays the owner in monthly installments and also is responsible for property taxes, insurance, maintenance, and repairs (*3*).

Homeowner equity accounts allow the homeowner to establish a line of credit secured by a lien against the home. The maximum amount of credit allowed is 70 percent of the accumulated equity in the home. The loan must be repaid over a specified period (*3*).

A deferred payment loan may be provided to low-income households at no interest or a low interest rate by a local government agency for the purpose of repairing or improving the home. It permits the homeowner to defer payment until she/he dies, moves, or sells the home (*4*).

Federal Expenditures for Retirement Programs

In 1960, the share of the Federal Government's budget allocated to programs for the elderly was less than 15 percent. By fiscal year 1991, the share had risen to 30 percent. This increase resulted from legislation enacted in the late 1960's and early 1970's to improve income protection, health insurance, and other services for the elderly (*1*). The poverty rate of the elderly in 1970 (24.6 percent) was nearly double the poverty rate for all age groups (12.6 percent). Twenty years later the poverty rate for the elderly had been reduced by half (12.2 percent) and was lower than that for all age groups (13.5 percent) (*11*) (table 3). Much of this improvement can be attributed to increases in Social Security retirement benefits, as well as better employer-sponsored retirement plans.

In fiscal year 1991, 64 percent of the Federal budget for the elderly was allocated to retirement pension programs.[1] Estimates of the costs of pension programs over the next 50 years indicate that the portion of the Federal budget spent on pensions will decline somewhat and remain below current levels until the baby boomers begin to retire. Pensions as a percentage of Federal spending are expected to rise sharply at that time (*1*).

Household Retirement Expenditures

Household expenditures for retirement, pensions, and Social Security[2] grew from an average of $949 in 1980 to $2,397 in 1992 (*18*). These amounts represented 5.7 percent of total household expenditures in 1980 and 8.0 percent in 1992 (fig. 3, p. 26). In 1992, this expenditure ranged from $183 for households in the lowest quintile of income to $7,467 for households in the highest quintile (*18*). Those households with householders approaching retirement age (45 to 54 years old) allocated a greater portion of their total expenditures for retirement, pensions, and Social Security than did those who had already reached retirement age (65 years and older) (*18*). Social Security taxes are the largest component of the retirement expenditure category, followed by Individual Retirement Accounts (IRA's) and Keogh fund contributions. These tax-deferred savings plans were introduced into the tax code in 1981 (*9*).

Early Retirement

The trend toward early retirement is continuing. The number of men ages 55 to 64 who were in the work force declined dramatically between 1970, when 83 percent of this age group were working or looking for work, and 1991, when the labor force participation rate for this age group dropped to 67 percent. The participation rate is expected to increase slightly by the year 2000 to 68 percent for this group of men (*15*).

Labor force participation rates for women ages 55 to 64 do not follow a similar pattern, as women of all ages have been joining the work force in increasing numbers. In 1970, 43 percent of women in this age group were in the labor force. This figure increased to 45 percent in 1991 and is projected to increase further to 52 percent by the year 2000 (*15*).

Table 3. Poverty status of persons: 1970-90

Year	All ages	Age 65 and over
1970	12.6	24.6
1971	12.5	21.6
1972	11.9	18.6
1973	11.1	16.3
1974	11.2	14.6
1975	12.3	15.3
1976	11.8	15.0
1977	11.6	14.1
1978	11.4	14.0
1979	11.7	15.2
1980	13.0	15.7
1981	14.0	15.3
1982	15.0	14.6
1983	15.2	13.8
1984	14.4	12.4
1985	14.0	12.6
1986	13.6	12.4
1987	13.4	12.5
1988	13.0	12.0
1989	12.8	11.4
1990	13.5	12.2
1991	14.2	12.4
1992	14.5	12.9

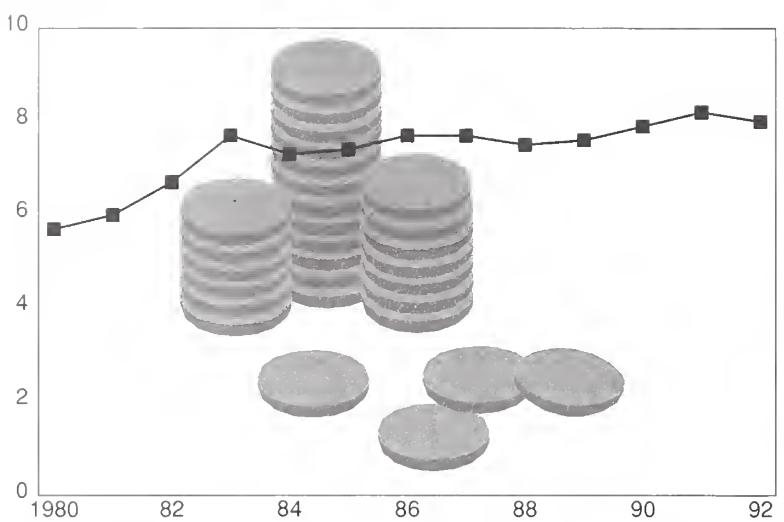
Source: U.S. Department of Commerce, Bureau of the Census, 1993, Poverty in the United States: 1992, Current Population Reports, Consumer Income, Series P60-185.

The downsizing of corporate America over the last decade spurred companies to encourage older workers into retirement. A 1990 study by Towers, Perrin, Forster, and Crosby found that 66 percent of companies surveyed had offered early retirement incentive plans during the previous 6 years (*5*). These incentive plans can include additional or enhanced pension benefits, retiree health insurance, lump sum cash benefits, and

[1]Retirement pension programs include Social Security, Supplemental Security Income (SSI), veterans compensation-pensions, and other retired, disabled, and survivor benefits.

[2]This category includes expenditures and/or deductions for: Social Security, government retirement, railroad retirement, private pensions, and self-employment retirement plans.

Figure 3. Percentage of total annual expenditures allocated by U.S. households (all ages) to pensions, retirement, and Social Security, 1980-92



Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Surveys, 1980-92.

"bridges" to Social Security, in which the employer fills in the income gap until Social Security benefits begin. With no end in sight to the mergers, takeovers, corporate restructurings, and downsizings taking place, employers may continue to offer these incentives (*5*).

Professional Advice

When planning for retirement, some people seek help from professionals, such as lawyers, accountants, and financial planners. These professionals offer advice on such matters as cash management and budgeting, tax planning, investing, estate planning, and insurance needs.

Professional financial planning is a relatively new profession, and as yet there are no State or Federal regulations for this industry (*7*). There are nearly a quarter of a million professional financial planners in the United States today who hold a variety of degrees, licenses, and professional memberships (*7*). Some have earned credentials such as CFP (Certified Financial Planner) or CHFC (Chartered Financial Consultant) (*7*).

The cost of financial plans ranges from about $250 for a basic plan to $4,000 or more for a complex plan (*10*). Fees also vary by geographic location and the particular financial planner or firm chosen. In general, financial planners are paid by one of five methods—a combination of fees and commission (42 percent), commission only (32 percent), fees only (17 percent), salary only (6 percent), or a combination of salary and commission (3 percent) (*12*). The most important criterion of quality financial advice is an understanding and concern for the client's best financial interests.

Conclusions

Concerns about retirement income will increase as the U.S. population ages because Americans are retiring earlier and living longer. A worker's choice of employer can affect the availability and amount of future retirement income and whether benefits keep pace with the cost of living. Young people who are able to save and invest wisely are more likely to have adequate lifetime income and not be solely dependent on Social Security and other government programs during their retirement. The key to an enjoyable, financially secure retirement is thoughtful planning, the earlier the better.

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Can IRA's Raise the Low National Savings Rate?

The national savings rate is defined as national savings divided by the net national product. The U.S. national savings rate averaged 2.4 percent during the last 5 years, compared with an average rate of 8.8 percent in the 1960's. The average savings rate for other industrial countries in the 1980's was much higher—Canadians saved 8.4 percent; Germans, 10.2 percent; and Japanese, 17.8 percent. The U.S. national savings rate fell to 0.9 percent in 1992.

The declining savings rate partly reflects greater dissaving by Federal, State, and local governments. The government savings rate is the government sector's budget surplus or deficit divided by the net national product. Between 1979 and 1983, the government savings rate fell from 0.4 percent to -4.6 percent as large Federal tax cuts and back-to-back recessions caused government deficits to mount. The government savings rate improved to -1.7 percent in 1989 but dropped to -5.4 percent in 1992, reflecting the effects of sluggish economic growth on government revenues.

The low national savings rate in America is believed by many to present a serious economic problem. Because savings and investments are major factors in determining real income growth, a low national savings rate may hurt future living standards by reducing domestic investment and productivity growth. Various policy changes have been proposed as possible cures for the low national savings rate.

Recent debate has centered on policy options such as Individual Retirement Accounts (IRA's) to raise the savings rate. An IRA is a tax-advantaged account originally created in 1974 to encourage workers without a pension to save for retirement. The Economic Recovery Tax Act of 1981 liberalized the eligibility requirements by increasing the deduction limit for IRA contributions and by opening the program to workers with a pension plan.

Taxpayers can receive tax benefits by deducting some or all of their IRA contribution from their taxable income during the year in which the contribution is made. Under current tax laws, the deduction is gradually eliminated for—or unavailable to—higher income taxpayers with a pension plan. However, all IRA contributors benefit by deferring taxes on their earnings until the funds are withdrawn from the IRA. If a taxpayer's income tax rate is lower in retirement than during the taxpayer's working years, withdrawals will be taxed at this lower rate.

The principal drawback to IRA's is that they cannot be converted into cash without a substantial loss in value. If funds are withdrawn from an IRA before a taxpayer reaches age 59-1/2, a 10-percent withdrawal penalty is charged and the deferred income tax becomes due. The withdrawal penalty is designed to promote the use of IRA's solely for retirement savings. Taxpayers may hesitate to put funds into an IRA if those funds might be needed in the near future.

Contributions to IRA's dropped sharply after the passage of the Tax Reform Act of 1986, as tax reform reduced the appeal of IRA's by decreasing or eliminating the IRA deduction for higher income workers with a pension plan. The cut in personal income tax rates also lowered the tax benefits of contributing to an IRA. About 16 million

Participation in the IRA program, 1979-89

Year	Number of returns claiming IRA deduction (millions)	Amount of IRA deductions claimed (billions)
1979	2.5	$3.2
1980	2.6	3.4
1981	3.4	4.8
1982	12.0	28.3
1983	13.6	32.1
1984	15.2	35.4
1985	16.2	38.2
1986	15.5	37.8
1987	7.3	14.1
1988	6.4	11.9
1989	5.8	10.8

Source: Joint Tax Committee, U.S. Congress; and Internal Revenue Service, U.S. Department of the Treasury.

Federal tax returns claimed an IRA deduction at the height of the program in 1985, compared with less than 6 million in 1989 (see table).

Empirical research on IRA's from the 1980's gives little reason to believe that expanding IRA programs would raise the national savings rate. Increased IRA participation in 1982-86 did not stop the downward trend in the aggregate savings rate. There were three major reasons why IRA's did not increase the national savings rate in the 1980's:

- Insensitivity to the rate of return. Higher after-tax rates of return did not stimulate savings.
- Weak marginal incentives. The after-tax rate of return earned on an additional dollar of savings did not increase if taxpayers' IRA's were fully funded.
- Asset switching. IRA's reduced government savings when households switched savings from taxable non-IRA financial assets into IRA's to reduce personal tax bills.

A number of reforms to expand IRA participation and raise the national savings rate have been proposed, including the following five options:

Option 1—Raise the income ceiling. This option would allow higher income taxpayers with pension plans to make deductible IRA contributions, while keeping current dollar limits on the amount of the contribution. This reform would reinstate the eligibility requirements that existed before 1987.

Option 2—Raise the contribution limit. This option would raise, or remove, the dollar limit on IRA contributions, encouraging high-income households to save more because they could earn a higher after-tax return on each additional dollar of savings.

Option 3—Allow penalty-free withdrawals. This option would allow penalty-free withdrawals for certain reasons, such as buying a first home or paying for college, thereby appealing to younger taxpayers and middle-income households who do not want to tie up their savings until retirement.

Option 4—Create a "back-loaded" IRA. In this type of IRA, the initial contributions are not deductible but distributions are not taxed. The taxpayer could be required to keep funds in the IRA for a certain number of years before gaining any tax benefits.

Option 5—Create a Premium Savings Account (PSA). Under this proposal, each taxpayer would have to save some fixed amount, based on income, before being allowed to contribute to a PSA. For each dollar of savings above the base amount, the taxpayer could contribute $1 to the PSA up to some limit. Properly constructed, the PSA could maximize the number of households in each income class that would experience an increased marginal incentive to save.

Researchers cannot say with certainty whether a broader IRA program could raise the national savings rate in the 1990's. Despite a substantial flow of funds into IRA's in the mid-1980's, the national savings rate declined. Although some of these reform options might stimulate more savings than the current IRA, none would solve all the economic problems that made IRA's ineffective in the 1980's.

Negative government savings is a major reason for the low national savings rate. Policymakers can improve the government balance sheet by reducing the budget deficit over time. The resulting increase in government savings should raise the national savings rate and ultimately improve our standard of living.

Source: Garner, C.A., 1993, Can IRAs cure the low national savings rate? *Economic Review*, Federal Reserve Bank of Kansas City, Second Quarter 1993.

Social Security and Older Workers

The long-term decline in labor-force participation by older Americans may be caused by factors that discourage work, such as employer discrimination against older workers, private pension plans that penalize continued employment, and the Social Security system. Since 1961, reduced Social Security retirement benefits have been available at age 62, and there has been a gradual, marked increase in the popularity of retirement at age 62 over the past three decades.

There are several negative consequences associated with early retirement. First, the economy's pool of experienced labor is reduced and the Nation's aggregate output is lower. Second, reductions in labor-force activity by older workers decrease Social Security revenues and increase program expenditures. And third, reduced earnings can harm the economic well-being of the elderly by affecting both the size and the distribution of incomes.

Because the U.S. population and workforce are projected to continue aging into the next century, policies have been enacted (and others proposed) that would eliminate or lessen employment barriers for older workers. The 1983 Amendments to the Social Security Act contained provisions that were intended to promote work:

- A gradual increase in the normal retirement age to 67. The normal retirement age will be increased to 66 in 2009 and to 67 in 2027.
- A gradual increase in the penalty for early retirement concurrent with increases in the normal retirement age. By 2027, retirement at age 62 will reduce the benefit amount by 30 percent of the primary insurance amount (PIA), rather than the current 20 percent.
- A reduction in the retirement test reduction rate (the amount by which earnings over a specified annual limit are reduced) from one-half to one-third for beneficiaries age 65 to 69, effective in 1990.
- A gradual increase in the delayed retirement credit (DRC), from 3 percent to 8 percent. The DRC is scheduled to rise by 0.5 percent every other year, beginning in 1990, until it reaches 8 percent in 2008.
- Continued increases in the annual exempt amount that can be earned under the retirement test. The exempt amount increases each year at the same rate as the increase in average wages.

In addition, the following proposals to encourage work have been suggested:

- Eliminate or liberalize the retirement test by either increasing the annual exempt amount or lowering the benefit reduction rate.
- Accelerate the timing of the scheduled increase in the DRC.
- Further increase the normal retirement age and/or the early retirement age.
- Change benefit recomputation rules to give more weight to earnings in later years.
- Eliminate the payroll tax for workers age 65 and older.
- Increase the income threshold at which benefits are subject to Federal income taxation.

Social Security is the largest source of income for retired people and plays an important role in their economic well-being. A review of recent empirical retirement studies was undertaken to ascertain what is known about the effect of Social Security on retirement decisions. Most of these studies used data from the Retirement History Survey (RHS). This survey collected data on a nationally representative sample of over 11,000 men and unmarried women, born between 1905 and 1911, in six biennial interviews conducted during 1969-79. Respondents were age 58 to 63 at the time of the first interview.

Most researchers concluded that retirement is a choice made by workers who rationally weigh the personal pros and cons of continued labor-force participation. In addition to the financial aspects, other factors that influence the decision include general economic conditions, personal characteristics (particularly age), health status, and individual attitudes toward work. Findings support the view that early retirement is largely voluntary and affordable by more and more workers.

The monthly amount of the Social Security benefit influences both the timing of retirement and the choice of postretirement work hours. In general, higher benefits would promote early retirement, decrease the likelihood of working among retirees, and decrease the hours of work by those who remain in the labor force.

The retirement (or earnings) test is the most frequently criticized feature of Social Security's Old-Age and Survivors Insurance (OASI) program. Under current law, the retirement test allows beneficiaries age 62 to 69 to earn income up to a specified annual limit (the annual exempt amount) without loss of Social Security benefits. When earnings exceed this level, benefits are reduced $1 for every $3 earned over the limit for beneficiaries age 65 to 69 and $1 for every $2 for beneficiaries age 62 to 64. The dollar amount of the limit depends on the worker's age—$7,440 for people age 62 to 64 and $10,200 for those age 65 to 69 in 1992. These amounts are increased annually at the same rate as the increase in average wages.

Annual earnings patterns among Social Security beneficiaries were examined to see whether unusually large numbers of workers report earnings that are at or near the annual earnings limit. Data from the Social Security Administration's Continuous Work History Sample (CWHS) indicate that workers tend to keep earnings at or below the annual earnings limit. Thus, the retirement test does depress the earnings of older workers. Because the earnings limit has been adjusted upward over the years, its impact on work has been declining, however.

Even though a minority of the elderly population may be quite sensitive to the retirement test and modify their work schedules accordingly, most studies concluded that eliminating the retirement test provision would have little effect on the overall retirement picture. Retirement decisions are more likely influenced by the availability and generosity of Social Security and private pensions, health status, job characteristics, wage offers, family circumstances, and personal preferences for work versus leisure time. Other Social Security provisions, such as the actuarial adjustment for early retirement, the delayed retirement credit, and the automatic benefit recomputation feature, significantly offset the apparent penalty of the retirement test. Also, many workers have limited control over the number of hours they work and may react slowly to changes in the retirement test.

Most studies on retirement have focused on white male wage and salary workers. Additional research is needed on the retirement decisions of women, minorities, self-employed workers, and married couples.

Source: Leonesio, M.V., 1993, Social security and older workers, *Social Security Bulletin* 56(2):47-57.

Household Characteristics Affect Food Choices

Data from the 1977-78 and 1987-88 Nationwide Food Consumption Surveys (NFCS) on household food consumption, conducted by USDA's Human Nutrition Information Service (HNIS), were used to determine household consumption of foods and beverages from the home food supply, whether eaten at home or away from home. Results were analyzed by USDA's Economic Research Service for this report.

Food supply data suggest that, overall, Americans are eating fewer animal products and more crop products. Consumption of grains, fruits, and vegetables has been increasing steadily, while consumption of whole milk, eggs, and red meat has been declining. National trends in food consumption, however, do not reflect the eating habits of every American household.

This analysis was undertaken to examine how food consumption patterns vary by household characteristics such as income, composition, and size. Overall changes in food consumption between 1977-78 and 1987-88 are described first, followed by differences related to household income, size, and number of parents present.

Overall Changes in Per Person Food Consumption Between 1977-78 and 1987-88

Consumption of red meat declined dramatically—down 21 percent (see table). Reports on salmonella in improperly stored eggs and their relatively high cholesterol level depressed egg consumption—down 25 percent.

Per person change in food consumption, 1977-78 to 1987-88

Food group	Percent
Dairy (fresh equivalent)	-3.6
Fats and oils	-12.4
Flour and cereals	-12.0
Bakery products	-4.3
Red meat	-20.8
Poultry, fish, shellfish	19.2
Eggs (fresh equivalent)	-24.6
Sugars, sweets	-18.3
Potatoes, sweet-potatoes	-10.3
Fresh vegetables	-15.2
Fresh fruit	-2.4
Canned vegetables and fruits	-20.4
Frozen vegetables and fruits	18.0
Vegetable and fruit juices	17.1
Dried vegetables and fruits	-17.1
Beverages	34.6
Soups, sauces, gravies	-18.0
Nuts, condiments	-6.7
Dinner mixtures	68.5

Consumption of flour, cereal, and bakery products declined 12 percent. With the exception of cheese, consumption of most dairy products decreased. There was a 10-percent decline in consumption of fresh fruits and vegetables. However, the consumption of dark green vegetables increased by 30 percent. Fruits and vegetables are frequently consumed in mixtures, such as frozen prepared dinners and pizza. Consumption of mixtures increased 68 percent. Consumption of sugars and sweets was down 18 percent, whereas beverage consumption was up 35 percent during the period.

Differences in Food Consumption by Income

The biggest decreases in red meat consumption occurred in the highest income households (31 percent). The lowest income households decreased their red meat consumption by 11 percent but were still consuming 5 percent more than the national average.

Cheese consumption increased with income; the lowest income households ate 26 percent less cheese than the national average in 1987-88, whereas the highest income households ate 26 percent more cheese. The highest income households showed the greatest decrease in egg consumption—29 percent, compared with a 22-percent decrease in the poorest households. These poorest households consumed 8 percent more eggs than the national average, however.

Lowest income households decreased their consumption of flour and cereals by 16 percent, compared with an increase of 2 percent for the highest income households. The highest income households increased their consumption of breakfast cereals by more than 24 percent, whereas the lowest income households decreased their consumption by 9 percent—making them the lowest per person consumers of breakfast cereals. This may reflect the relatively high price of breakfast cereals.

Households generally consumed more fresh vegetables as income rose. Consumption of fresh fruits declined in all but the wealthiest households, where it increased 8 percent. In 1987-88, the highest income households consumed about 40 percent more fresh fruits than the national average, and the lowest income households consumed 27 percent less. Decreases in sugar consumption were larger in middle- and highest income households than in lowest income households.

Differences in Food Consumption by Household Size

Larger households, containing more children, consume less food per person —except for those foods prevalent in children's diets, such as fresh fluid milk, flours and cereals, and sugars. One-person households experienced a 30-percent decrease in red meat consumption. One-person households had the highest per-person level of egg consumption. Consumption of dinner mixtures increased more for the smallest household sizes—up 90 percent for one-person households and 89 percent for two-person households. One-person households had the greatest decrease in their consumption of fats and oils, flour and cereals, red meat, eggs, and fresh vegetables during this period.

Differences in Food Consumption by One- or Two-Parent Households

Consumption of poultry, fish, and shellfish increased by 23 percent in two-parent households during the reference period, whereas consumption by female-headed households was down 3 percent. Female-headed households decreased their consumption of dairy products by nearly 10 percent during the reference period, possibly because consumption was also down for breakfast cereal, which is usually served with milk.

Consumption of fresh fruits (down 20 percent) and vegetables (down 28 percent) declined more sharply among female-headed households than two-parent households (fruits down 2 percent and vegetables down 14 percent). Citrus fruit consumption was down 49 percent in female-headed households. Use of frozen vegetables and fruits dropped by 4 percent in female-headed households while increasing by 25 percent in two-parent families. Female-headed households consumed 10 percent more sugars and sweets than the national average even though their consumption was down 7 percent. Female-headed households had the greatest increase in beverage consumption—46 percent; their consumption of soft drinks increased 68 percent. Consumption of fruit and vegetable juices was up 11 percent in female-headed households and 21 percent in two-parent households.

Implications

Changes in food consumption may have implications for the nutrition and health of particular groups of Americans who may be at a greater risk of chronic diet-related diseases than is the population as a whole. Socioeconomic characteristics of a household, as well as food prices and cultural eating habits, determine food choices. Policymakers who can recognize these influences and identify the factors affecting food choices will be able to develop more effective farm and nutrition programs.

Source: Lutz, Z., Blaylock, J., and Smallwood, D., 1993, Household characteristics affect food choices, *FoodReview*, May-August 1993.

The Economic Well-Being of Farm Operator Households

This report uses data from USDA's Farm Costs and Returns Survey (FCRS) to describe characteristics of farm operator households and their farm businesses in 1988-90. Sources of income received by farm operator households and measures of their dependence on income from farming operations are presented. Both farm and nonfarm economic conditions affect farm operator households, as most of the income of the average farm operator household is from off-farm wage and salary jobs.

In 1990, there were 2.1 million farms in the United States, down from a high of 6.8 million in 1935. Farming accounted for 2.3 percent of all U.S. jobs and 1.4 percent of the gross domestic product in 1991. About 9 million Americans are directly associated with farming as farm operators, hired farm workers, unpaid workers, or farmland owners. In 1988, there were about 1.3 million farmland owners who rented out their land to farming businesses.

Despite these modest statistics, agriculture is vital to the U.S. economy. The United States had a trade surplus in agricultural products of $16.6 billion in 1990. Also, it is the world's largest exporter of agricultural commodities, valued at more than $390 billion in 1990.

The FCRS samples about 12,000 farms each year to collect cross-sectional data. Data collected include characteristics of farms (size, commodity specialization, legal form of organization, farmland tenure, region, and participation in government programs), characteristics of the operator (age, education, and major occupation), and financial characteristics (total household income, farm income, off-farm income, poverty and farm income dependency, and net worth of farm).

Characteristics of the Farm

When farm size is measured in terms of economic class, most U.S. farms are small—nearly 75 percent of farms have sales of $50,000 or less. Most U.S. farms are organized as sole proprietorships. Only 6 percent of the farms are organized as partnerships and 2 percent as family corporations.

The most common farm specialty is beef cattle, hogs, or sheep. Almost half of all farms specialize in one of these commodities. In 1990, average farm income in beef, hog, and sheep farm households was $504, although these households earned over $35,000 from off-farm employment. Seven percent of farms specialize in other livestock, 8 percent in dairy production, and 39 percent in cash grains and other crops.

Farming counties are identified as those having at least 20 percent of the labor and proprietor income of the county from farm sources. The Midwest had the most farming counties (293), followed by the South (151), the West (71), and the Northeast (1). About 40 percent of U.S. farm operator households are in the Midwest, 40 percent are in the South, 14 percent are in the West, and 6 percent are in the Northeast.

The South has the highest percentage of small farms—about 85 percent have sales of $50,000 or less. Farm operators in the South are older and have lower levels of education. Southern farmers are more likely than all U.S. farmers to raise livestock and less likely to grow cash grains.

One-third of all counties in the Midwest are farming counties, and most cash grain farms are in the Midwest. While farm income is significantly higher in the Midwest than in any other region, the Midwest has the lowest off-farm income.

In the West, about 20 percent of the counties are farm counties. Farm operator households in the West have the highest average household income of all regions, mostly from off-farm sources. Western farm operators are the most highly educated of farmers in all regions and have the highest average farm business net worth.

The average farm income of farm operator households in the Northeast in 1990 was less than $2,000—the lowest of any region. The Northeast had the largest regional concentration of dairies in the country. In 1990, 25 percent of all farms in the Northeast specialized in milk production, compared with 8 percent nationally.

National agricultural commodity programs provide direct government payments to about one-third of all farms. This percentage is low because the programs are generally designed for only selected commodities, namely corn, grain, sorghum, barley, oats, wheat, rice, and upland cotton. The average payment received varies from year to year because payments are tied to yields and prices. For example, the average payment received per farm recipient in 1988 was over $14,000, compared with about $10,000 in both 1989 and 1990. Farm operators who receive the largest payments tend to be younger and better educated than other farm operators.

Characteristics of the Operator

Compared with the U.S. population, a large percentage of farm operator households are elderly or near-elderly. In 1990, 46 percent of farm operators were age 55 or older, compared with 35 percent for all householders (see table). In addition, only 3 percent of all employed people in the United States in 1990 were age 65 or older, compared with 22 percent of farm operators. Spouses are 3 years younger than farm operators, on average.

In 1990, 24 percent of farm operators had not completed high school, 40 percent were high school graduates, 19 percent had attended college, and 16 percent had college degrees. Their educational attainment was similar to that of all U.S. householders, except that they were less likely to have a college degree and more likely to have stopped their formal education with high school. Farm operators who were college graduates were more likely to have a nonfarm major occupation than a farm occupation. In general, as educational attainment increases, the proportion of operators whose major occupation is farming decreases. There is also a clear relationship between educational level and farm profitability—the greater the operator's education, the higher the rates of return to farm assets and farm equity.

Almost all U.S. farmers are White males. Six percent are non-White (Black, Asian, American Indian, or other races) or of Hispanic origin. White farm operators have higher average farm and off-farm income and greater net worth. Six percent of farm operators are female. Female farm operators tend to have smaller farms and are more likely to specialize in a livestock commodity.

Characteristics of farm operator households and all U.S. households, 1990

Item	Farm operator households	U.S. households
Number	1,738,019	94,312,000
	Percent	
Age of operator/householder[1] (years)		
15 to 34	11.7	26.7
35 to 44	20.7	22.6
45 to 54	21.7	15.6
55 to 64	23.5	13.3
65 or older	22.4	21.8
Education of operator/householder[2]		
Less than high school	24.1	23.3
High school graduate	40.5	35.8
Some college	19.0	18.3
College and beyond	16.5	22.6
Household size (people)		
1	8.9	25.0
2	40.7	32.0
3	18.9	17.1
4	17.2	15.4
5 or more	14.4	10.5
Household income class		
Less than $10,000	22.2	14.9
$10,000 - $24,999	27.2	27.2
$25,000 - $49,999	28.8	33.3
$50,000 and more	21.8	24.6
Share below poverty threshold	21.9	10.7
	Dollars	
Average household income	39,007	37,403
Average household net worth	411,681	92,017[3]
Average household expenditures	15,049	28,369

[1]U.S. householder data are for those age 16 years or older.
[2]U.S. householder data are for those age 15 years or older.
[3]Data are for 1988 because data are not available annually on the net worth of all U.S. households. Net worth data were collected for 1991 but are not yet available.

Source: Ahearn, M.C., Perry, J.E., and El-Osta, H.S., 1993, The Economic Well-Being of Farm Operator Households, 1988-90, U.S. Department of Agriculture, Economic Research Service, Agricultural Economic Report No. 666.

Fifty-six percent of U.S. farm operators and 20 percent of their spouses claim farming as their major occupation; that is, they spend more time farming than in other employment. Nevertheless, most of these households earn more of their cash income off the farm than on the farm. Households of operators with a nonfarm major occupation lose money on their farms but earn nearly $50,000 off their farms, on average.

Financial Characteristics

The income definition used is similar to the one used by the Bureau of the Census to report the income of all U.S. households. This income definition is a money income concept, except depreciation is included as an expense for those who are self-employed, such as farmers. The average income of farm operator households in 1990 was $39,007, or 104 percent of the average U.S. income.

About 50 percent of all farms have negative farm incomes in any given year, but most have off-farm sources of income that offset their farm losses. About 10 percent of all farm operator households each year have negative incomes from all sources.

Off-farm income is critical to the financial well-being of farm operator households. In 1990, the average off-farm income of farm operator households was $33,265, or 85 percent of total household income. In about 60 percent of farm households, either or both the operator and spouse worked off the farm.

Incomes of farm operator households are much less equally distributed than those of all U.S. households. In 1990, a higher percentage of farm operator households (21.9 percent) was below the poverty line compared with all U.S. families (10.7 percent). In contrast, a higher percentage of farm operator households was in the highest income group of $100,000 or more (6.3 percent for farm operator households versus 4.3 percent for all U.S. households).

The average net worth of farm operator households was $411,681 in 1990, compared with $92,017 for all U.S. households. Over 85 percent of farm operator households' wealth was represented by the value of their farming operation. Even households that earned negative farm incomes in 1990 had average household net worth of $343,170.

Compared with all U.S. households, farm operator households have lower household expenditure levels. In 1990, farm operator households reported that they spent about $15,000 for household needs, compared with over $28,000 for all households. Housing and nonfarm transportation expenses of farm operator households were over $8,000 lower than those of all U.S. households.

Source: Ahearn, M.C., Perry, J.E., and El-Osta, H.S., 1993, *The Economic Well-Being of Farm Operator Households, 1988-90*, U.S. Department of Agriculture, Economic Research Service, Agricultural Economic Report No. 666.

Recent Legislation Affecting Families

Public Law 103-82 (enacted September 21, 1993)—the National and Community Service Trust Act amends the National and Community Service Act of 1990 to establish a Corporation for National Service, enhance opportunities for national service, and provide national service education awards to those who participate. These education awards would not exceed $4,725 a year for 2 years and would go to individuals age 17 or older who perform community service before, during, or after their postsecondary education. Local programs would offer stipends of up to $7,400 a year, with the Federal Government providing 85 percent of the cost of health- and child-care benefits. Individual programs would be run by nonprofit organizations, including institutions of higher education, local governments, school districts, and State or Federal agencies, with participants working in such areas as the environment, education, and human and public safety. Spending is capped at $300 million in fiscal 1994, $500 million in fiscal 1995, and $700 million in fiscal 1996, enabling about 100,000 people to participate.

Public Law 103-120 (enacted October 27, 1993)—the HUD Demonstration Act of 1993 authorizes the Secretary of Housing and Urban Development to develop innovative strategies for assisting homeless individuals and families through a variety of activities, including the coordination of efforts and the filling of gaps in available services and resources. The Act also enables the Secretary to develop the capacity of community development corporations and community housing development organizations to undertake affordable housing projects and programs and to encourage pension fund investment in affordable housing.

Public Law 103-159 (enacted November 30, 1993)—The Brady Handgun Violence Prevention Act, commonly called the Brady Bill, provides for a waiting period of 5 business days before the purchase of a handgun. The 5-day waiting period would be used by law enforcement officials to do a personal background check on the purchaser to screen out convicted felons and other ineligible buyers. The Act also provides for establishment of a national instant criminal background check system to be contacted by firearms dealers before the transfer of any firearm. The Brady Bill is the first major gun control legislation to be enacted since 1968. The law authorizes $200 million per year to help States computerize their records.

Public Law 103-160 (enacted November 30, 1993)—the National Defense Authorization Act authorizes $261 billion for fiscal 1994 for military activities of the Department of Defense and prescribes military personnel strengths for fiscal 1994. The Act authorizes $2.55 billion for programs aimed at helping Government and private sector defense workers, defense contractors, and their communities adapt to a long-term retrenchment in defense spending. A ceiling of 1,623,500 active-duty personnel, down from 1,727,700 in fiscal 1993, was mandated for fiscal 1994, as well as a 2.2 percent military pay raise effective January 1, 1994. The Act appropriates $20 million to establish a center for medical research related to women in the services. Another provision expands the definition of medical services to which women in the military and female dependents are entitled, such as mammograms, treatment for pregnancy and infertility, and other gynecological procedures. The law also codifies provisions on homosexuals in the military.

Data Sources

National Medical Expenditure Survey (NMES)

Sponsoring agency: U.S. Department of Health and Human Services

Population covered: Civilian noninstitutionalized U.S. population with an oversampling of low-income families and Black and Hispanic minorities; the institutionalized population; and a special survey of Native Americans and Alaskan Natives.

Sample size: 36,400 individuals in 15,000 households; and for the institutionalized population—1,500 facilities, 7,000 current residents, and 3,500 new admissions.

Geographic distribution: Nationwide

Years data collected: 1987

Method of data collection: Personal and telephone interviews

Future surveys planned: None

Major variables: For households and individuals: demographic characteristics, health status, insurance coverage, and use of (and expenditures on) health care services. For institutionalized population: individual's mental health and functional status, resident characteristics, living arrangements, insurance coverage, next of kin, and the institution. The surveys permit separate and comparative analyses with other surveys that pertain to household survey respondents. Two of these surveys are the Health Insurance Plans Survey (of employers and insurers) and the Medical Provider Survey (of physicians).

Sources for further information and data: Tapes in SAS or EBCDIC formats and documentation available from:
National Technical Information Service (NTIS)
5285 Port Royal Road
Springfield, VA 22161
(703) 487-4650
A bibliography of literature based on the survey and previous surveys is available from:
Agency for Health Care Policy and Research (AHCPR)
Division of Information and Publications
1812 Parklawn Building
Rockville, MD 20857
(301) 443-4100

National Maternal and Infant Health Survey and Follow-Up (NMIHS)

Sponsoring agency: U.S. Department of Health and Human Services

Population covered: Married and unmarried mothers and their prenatal care provider and hospital.

Sample size: Original survey: 10,000 women who had live births, 5,300 who had infant deaths, and 3,300 who had late fetal deaths in 1988. Follow-up survey: 8,500 women who had live births, 900 who had infant deaths, and 900 who had late fetal deaths in 1988.

Geographic distribution: Nationwide

Years data collected: 1988 and 1991

Method of data collection: Questionnaires, interviews—in person or by telephone, birth certificates, fetal death reports, and infant death certificates.

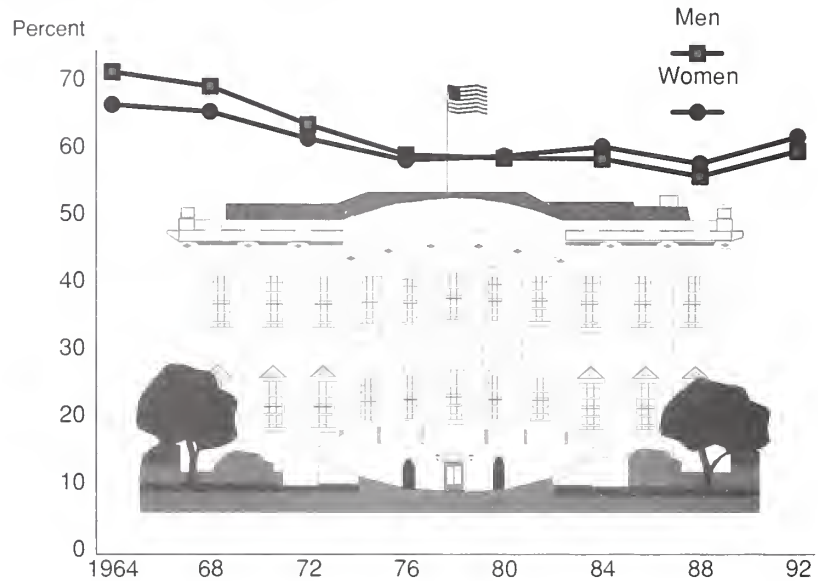
Future surveys planned: 1996

Major variables: Marital status, age, education, race, occupation-work patterns, income 1 year before delivery, weeks pregnant at first prenatal visit and number of visits, access and barriers to care, source of payment for prenatal care, WIC participation, length of hospital stay, source of payment for infant care, child care, vaccinations.

Sources for further information and data: Data tapes are available from:
National Technical Information Service (NTIS)
5285 Port Royal Road
Springfield, VA 22161
(703) 487-4650
Reports are available from:
U.S. Department of Health and Human Services
National Center for Health Statistics
Division of Vital Statistics
6525 Belcrest Road, Room 840
Hyattsville, MD 20782
(301) 436-7464

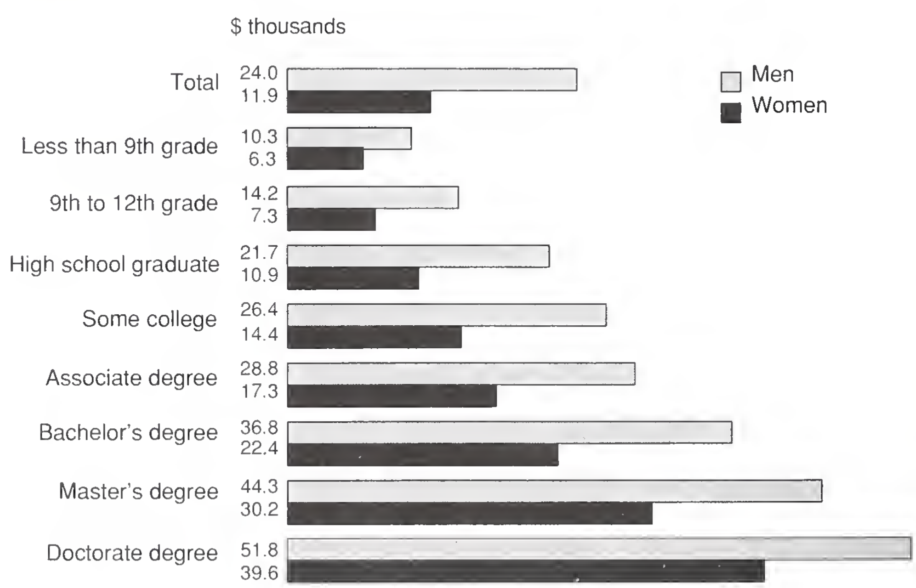
Charts From Federal Data Sources

Percentage of the voting-age population who voted in the Presidential election, 1964-92



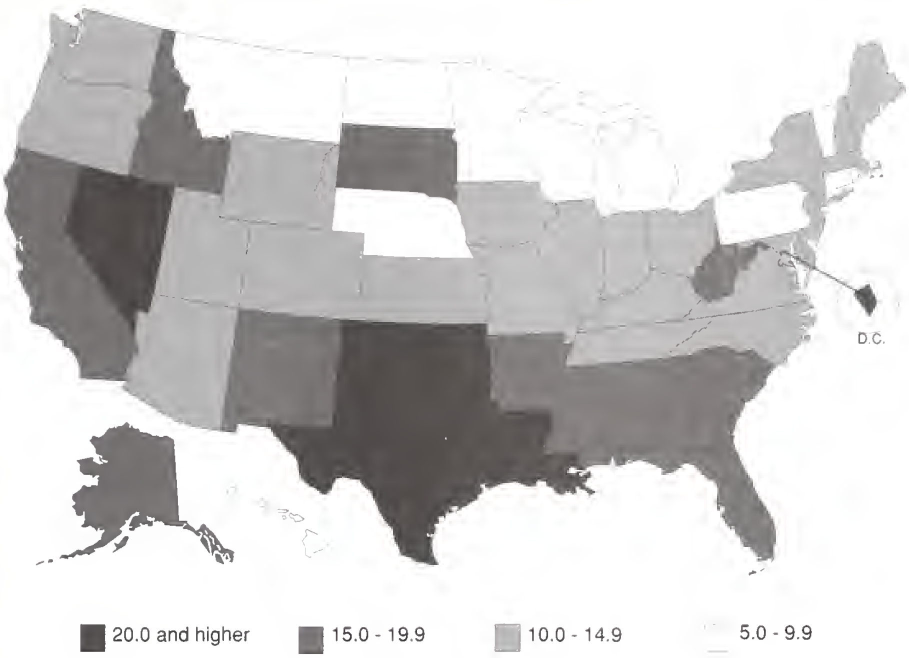
Jennings, J.T., 1993, Voting and Registration in the Election of November 1992, Current Population Reports, Population Characteristics, P20-466, U.S. Department of Commerce, Bureau of the Census.

Median income of people 25 years and over, by educational attainment, 1992



U.S. Department of Commerce, Bureau of the Census, 1993, Money Income of Households, Families, and Persons in the United States: 1992, Current Population Reports, Consumer Income, Series P60-184.

Individuals not covered by health insurance, by State, 1992



U.S. Department of Commerce, Bureau of the Census, 1993, Money Income of Households, Families, and Persons in the United States: 1992, Current Population Reports, Consumer Income, Series P60-184.

Individuals not covered by health insurance, by age, 1992

Age (years)	Percent
65 and older	1.2
55 to 64	12.9
45 to 54	14.0
35 to 44	15.5
25 to 34	20.9
18 to 24	28.9
Under 18	12.4
All	14.7

U.S. Department of Commerce, Bureau of the Census, 1993, Money Income of Households, Families, and Persons in the United States: 1992, Current Population Reports, Consumer Income, Series P60-184.

Journal Abstracts and Book Summary

The following abstracts are reprinted verbatim as they appear in the cited source.

Goldscheider, F. and Goldscheider, C. 1993. Whose nest? A two-generational view of leaving home during the 1980s. *Journal of Marriage and the Family* 55(*4*):851-862.

This article compares the influence of the expectations of young adults and their parents on nest leaving in the 1980s. Using data from the High School and Beyond surveys, we model the odds of leaving home to establish a new home either while still unmarried or in the context of marriage. Although parents and young adults each expected earlier residential independence than actually occurred, both generations' expectations strongly influenced later residential behavior, with parental expectations having more impact than those of the young adults themselves. We also consider "who wins" when there are conflicting expectations about the path to residential independence.

Ha, M., Williams, S.E., and Weber, M.J. 1993. Utility averaging policies—Impact on consumer's energy usage. *The Journal of Consumer Affairs* 27(*2*):284-299.

Average Monthly Payment (AMP) plan is a utility policy designed to assist consumers in need such as low income and elderly. This study examines whether this utility policy is an advantage to these target customers. Results indicate that, with a muted price signal, the AMP plan produces an effect contrary to the objective of assisting low and fixed income consumers. Further, the study indicates consumers on the AMP plan consume more energy and the AMP plan does not appear to support energy conservation and efficiency.

Jacobson, L.S., LaLonde, R.J., and Sullivan, D.G. 1993. Earnings losses of displaced workers. *The American Economic Review* 83(*4*):685-709.

We exploit administrative data combining workers' earnings histories with information about their firms to estimate the magnitude and temporal pattern of displaced workers' earnings losses. We find that high-tenure workers separating from distressed firms suffer long-term losses averaging 25 percent per year. In addition, we find that displaced workers' losses: (i) begin mounting before their separations, (ii) depend only slightly on their age and sex, (iii) depend more on local labor-market conditions and their former industries, (iv) are not, however, limited to those in a few sectors, and (v) are large even for those who find new jobs in similar firms.

Pirog-Good, M.A. 1993. Child support guidelines and the economic well-being of children in the United States. Family Relations 42(*4*):453-462.

There is enormous variation in the magnitude of child support awards obtained by using state child support guidelines. This variation does not result from cost-of-living differences across states. In many states, nominal and inflation-adjusted support awards declined between 1988 and 1991. Overall, noncustodial parents do not pay a fair share of the costs of raising their children. The article advocates making larger awards, expressing awards as a percentage of income, and implementing a child support assurance program.

Zill, N. and Daly, M., editors. 1993. *Researching the Family: A Guide to Survey and Statistical Data on U.S. Families.* Child Trends, Inc., Washington, DC.

This book is a guide to major family databases. It presents descriptions of over 60 major survey and statistical databases that contain information about the characteristics, experiences, and behaviors of American families. The guide is intended to increase the familiarity of the research community with these existing databases.

For each survey or statistical program described in the guide, material is presented on the purpose of the effort, the sponsoring agency, and the design, content, and limitations of the survey or other data gathering procedure. Design information includes who was covered in the survey universe, how large the sample was, how often the survey has been conducted, and what completion rate was achieved. The content of the survey instrument or data collection form is summarized by listing topics covered, especially those involving potential causes or consequences of family behavior. In the limitations section, gaps and biases in the data, particularly those that may cause difficulties or lead to erroneous conclusions for family-based studies are outlined. Information on where and how to get data files also is presented.

Cost of Food at Home

Cost of food at home estimated for food plans at four cost levels, February 1994, U.S. average[1]

Sex–age group	Cost for 1 week: Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Cost for 1 month: Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[2]								
20 - 50 years	$51.60	$65.00	$80.00	$99.60	$223.40	$282.00	$346.80	$431.10
51 years and over	48.80	62.50	76.90	92.00	211.60	270.80	333.20	398.40
Family of 4:								
Couple, 20 - 50 years and children—								
1 - 2 and 3 - 5 years	75.30	93.80	114.40	140.70	325.90	406.70	496.00	609.40
6 - 8 and 9 - 11 years	86.10	110.20	137.50	165.60	373.20	478.00	596.20	717.50
INDIVIDUALS[3]								
Child:								
1 - 2 years	13.70	16.60	19.40	23.50	59.20	72.00	84.10	101.90
3 - 5 years	14.70	18.10	22.30	26.70	63.60	78.30	96.60	115.60
6 - 8 years	17.90	23.90	29.90	34.80	77.70	103.70	129.60	150.90
9 - 11 years	21.30	27.20	34.90	40.30	92.40	117.90	151.30	174.70
Male:								
12 - 14 years	22.20	30.80	38.40	45.00	96.10	133.60	166.20	195.10
15 - 19 years	23.00	31.80	39.50	45.80	99.60	137.80	171.20	198.30
20 - 50 years	24.70	31.50	39.20	47.60	106.80	136.70	170.10	206.00
51 years and over	22.40	29.90	36.80	44.10	96.90	129.80	159.40	191.00
Female:								
12 - 19 years	22.30	26.60	32.30	39.00	96.60	115.40	139.90	169.00
20 - 50 years	22.20	27.60	33.50	42.90	96.30	119.70	145.20	185.90
51 years and over	22.00	26.90	33.10	39.50	95.50	116.40	143.50	171.20

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review* 1984(*1*). Estimates for the other plans were computed from quantities of foods published in *Family Economics Review* 1983(*2*). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977–78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, *CPI Detailed Report*, table 4, to estimate the costs for the food plans.

[2]Ten percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person—add 20 percent; 2-person—add 10 percent; 3-person—add 5 percent; 5- or 6-person—subtract 5 percent; 7- or more-person—subtract 10 percent.

Consumer Prices

Consumer Price Index for all urban consumers [1982-84 = 100]

Group	Unadjusted indexes			
	February 1994	December 1993	January 1994	February 1993
All items	146.7	145.8	146.2	143.1
Food	142.9	142.7	143.7	139.9
Food at home	142.6	142.3	143.8	139.1
Food away from home	144.6	144.3	144.5	142.2
Housing	143.7	142.3	142.9	139.7
Shelter	159.1	157.1	158.1	154.4
Renters' costs[1]	168.9	164.4	166.8	164.4
Homeowners' costs[1]	163.7	162.5	162.9	158.5
Household insurance[1]	149.4	149.0	149.2	144.7
Maintenance and repairs	129.4	127.6	128.9	130.5
Maintenance and repair services	131.2	130.8	131.3	135.2
Maintenance and repair commodities	127.1	123.5	125.9	124.0
Fuel and other utilities	122.4	121.7	121.6	118.4
Fuel oil and other household fuel commodities	93.6	88.3	88.9	92.5
Gas (piped) and electricity	117.9	118.1	118.0	113.8
Household furnishings and operation	120.4	120.3	120.5	118.6
Housefurnishings	110.5	110.3	110.7	108.9
Housekeeping supplies	131.7	131.9	131.5	130.6
Housekeeping services	137.6	137.2	137.4	134.5
Apparel and upkeep	132.4	132.6	130.4	133.4
Apparel commodities	129.5	129.7	127.3	130.9
Men's and boys' apparel	124.1	127.5	124.2	126.5
Women's and girls' apparel	131.1	130.6	127.0	133.1
Infants' and toddlers' apparel	125.5	127.1	125.6	127.0
Footwear	125.9	125.8	125.9	125.2
Apparel services	154.0	153.8	153.8	150.2
Transportation	131.9	132.1	131.6	129.2
Private transportation	128.5	128.6	128.2	126.2
New vehicles	136.5	135.6	136.1	132.0
Used cars	134.1	139.3	136.8	126.0
Motor fuel	93.6	94.8	92.6	98.0
Automobile maintenance and repair	148.6	147.7	148.1	144.3
Other private transportation	159.7	159.0	159.5	156.8
Other private transportation commodities	103.4	103.3	103.5	104.5
Other private transportation services	172.8	171.8	172.4	168.8
Public transportation	175.9	176.5	175.3	164.1
Medical care	207.7	205.2	206.4	198.0
Medical care commodities	198.7	197.0	197.8	193.2
Medical care services	209.8	207.1	208.4	199.1
Professional medical services	189.4	187.4	188.3	181.7
Entertainment	149.1	147.8	148.5	144.5
Entertainment commodities	134.5	134.4	134.7	132.9
Entertainment services	166.4	163.9	165.0	158.7
Other goods and services	195.2	194.2	195.1	191.5
Personal care	143.0	143.1	143.3	139.6
Toilet goods and personal care appliances	140.0	140.1	140.5	137.0
Personal care services	146.2	146.1	146.3	142.2
Personal and educational expenses	218.8	217.5	218.3	206.0
School books and supplies	204.0	200.4	203.4	195.6
Personal and educational services	220.1	219.0	219.7	207.0

[1]Indexes on a December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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